

# The NATIONAL UNDERWRITER



## SPILT MILK

Successful agents appreciate that "getting the business" is only part of the highly competitive job of selling insurance. Equally important is the job of *holding* the business—which, in effect, means proper service by the agent. This service is made possible through the adequate facilities and experience behind the company which the agent represents. And that's where so much "milk is spilled!" What to do about it? Don't cry over spilt milk. . . . There's a better alternative. The facilities offered by the United States Fire Insurance Company can fully equip you to enter the field of competition—can arm you with tangible assets which enable you to *get* and *hold* business. Agents representing the United States Fire Insurance Company will find a complete organization at their command to render every possible cooperation. Departments are maintained to assist in the development of business and to give service to clients on both underwriting and loss matters. Let us help you wage a winning fight—whether it be to get new business—to give your assureds the kind of satisfying service necessary to hold your business—or to assist you in recovering business that has been lost during the depression.

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ALLEGHENY DEPARTMENT  
PITTSBURGH, PENNSYLVANIA

THURSDAY, AUGUST 24, 1939



## No Wonder they "*Drink it in!*"

"I am struck, too, at the close attention given by everyone in class, especially when I contrast it with the indifference to instruction so common in college," writes a graduate of The Travelers Home Office School for Agents. "They pour it on, but most everyone seems eager to drink it in."

There are good reasons for this eagerness "to drink it in."

In the first place their instructors know their subject and know how to present it effectively. They are not theorists. All of them are men who had years of experience in selling insurance.

Secondly, the material presented bears directly on the work which these young men will be doing when they return to the field. They can see the practical use of what they are learning. They realize that if they miss anything by absence or inattention, they will lose in dollars and cents in the months and years to come. No wonder they pay attention. No wonder they "drink it in."

**THE TRAVELERS INSURANCE COMPANY**  
HARTFORD, CONNECTICUT

Courses for those who will specialize in Life and Accident

Courses for those who will specialize in Casualty Lines

# The NATIONAL UNDERWRITER

Forty-third Year—No. 34

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 24, 1939

\$4.00 Per Year, 20 Cents a Copy

## McCormack Relates Details in Payments of Bribery Money

### Hearing on the Missouri Rate Litigation Compromise in St. Louis

ST. LOUIS—A. L. McCormack, former president of the Missouri Association of Insurance Agents, testifying Tuesday before Special Master Barnett, told of his part in the effecting of the settlement of the fire insurance rate litigation in May, 1935, and of having carried a total of \$440,000 from the late C. R. Street of Chicago to "Boss" T. J. Pendergast of Kansas City.

He detailed how "Boss" Tom directed



A. L. McCORMACK

him first to give \$22,500 and later \$40,000 to Superintendent R. E. O'Malley in 1935 and 1936, but on advice of his personal attorney, J. E. Carroll, former United States district attorney here, Mr. McCormack did not answer a question of what had become of a balance of \$50,000 paid to Pendergast on one occasion. He said that Pendergast kept \$5,000 for himself and directed \$22,500 be paid to O'Malley. This left \$22,500 to be accounted for.

Mr. Carroll explained that Mr. McCormack's answer to a question as to what became of that \$22,500 might incriminate him and the master sustained the objection raised by Mr. Carroll.

### Story Told Grand Jury

In none of the essential details did Mr. McCormack's testimony differ from the version of his dealings with Mr. Street, Pendergast and Mr. McCormack given by United States District Attorney Milligan at Kansas City the day

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## Canadian Insurance Superintendents Hold Forth

MONTREAL, QUE.—The Association of Superintendents of Insurance of the Provinces of Canada met this week in this city, presided over by H. G. Garrett, insurance superintendent of British Columbia, who is president. There were about 150 people registered at the meeting. There were numerous reports presented aside from the address of the president and report of Secretary McNairn of Ontario.

One of the highlights of the convention was the presence of C. C. Neslen of Salt Lake City, Utah, president National Association of Insurance Commissioners. He said that he considers the use of simple language, understandable to the average man, very essential to avoid contractual misunderstanding. Insurance agents, he said, should adopt a plainer speech in meeting the public. Commissioner John C. Emery of Michigan, who was present, expressed the opinion that rigid standards should be set up to control new requests for agents licenses. Too many are now licensed in proportion to the pre-depression days, in his opinion, considering the present volume of business being produced.

### Fire Legislative Report

One session was occupied in discussing the report of the fire legislative committee. The most controversial topic was "Application of statutory fire conditions to other contracts which include fire within their covering." One of the company executives present said that statutory provision is needed to distinguish which contracts are to be governed by statutory fire conditions and which otherwise. There was considerable discussion following a draft suggesting that when fire loss occurs in a policy of another class fire statutory conditions will apply.

Georges LaFrance, insurance superintendent of Quebec, spoke the welcome, stressing the ideals of a democracy which he maintains were paramount in Quebec despite a culture different from the other provinces.

### Garrett Speaks on Merchandising

H. G. Garrett, superintendent British Columbia, president of the association, in welcoming the convention-goers said that insurance should be so widespread that to buy it should be as natural as any other shopping and if it has to be sold it should be sold by trained individuals as merchandise is sold. He said: "The insurance business shares today with business in general the consumer's problem. There is a certain restriction on production. What is wanted is a man of vision who will lead the business to the new era which awaits this great and indispensable institution of modern society."

### Report on A. & H. Legislation

The committee on agents' balances recommended that the requirement of quarterly returns on agents' balances be continued and that, effective June 30, 1940, the returns include all accounts of balances 60 days in arrears instead of 90 days as at present. When these conditions are adopted, the quarterly return would be required to be filed within

15 days after the end of each quarterly period.

The committee on accident and sickness insurance legislation reported that during the past year the six provinces of Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Prince Edward Island enacted uniform legislation respecting the issuance of accident tickets through the agency of transportation companies, with comparable provisions in the agency licensing sections of the acts and provision for the issuance of accident and renewal certificates. Standardization of accident and sickness contracts was urged, as was further consideration on preparation of a draft definition of group accident and sickness insurance and other necessary legislation respecting group contracts.

The committee on licensing and regulation of agents reported that recognition of some basic principles respecting the licensing and regulation of agents was desirable. The advantages to be gained were said to be a consistency in decisions of each superintendent on applications for license, consistency in recommendations of advisory boards in provinces having such boards, decrease in the number of undesirable applications submitted (thus effecting a saving in correspondence and in time involved in investigating and considering same); elimination of misunderstandings between department officials, company representatives and applicants for license, and saving in expense to companies in appointing agents whose applications cannot be favorably considered.

### Uniformity Declared Necessary

The committee recommended that the conference endorse the principle that substantial uniformity is desirable. Along this line uniformity in compiling statistics on insurance agents' licenses was urged. Such statistics would be divided into two classes—life insurance agents' licenses and other than life insurance agents' licenses, the number of agents licensed, their location, whether resident or non-resident, the company or companies represented, licenses granted for the first time, classification of the status of the agent, and in a life company the amount of new ordinary life business written by each company.

Great strides toward uniformity were reported by the committee on annual statement blanks. Now a need exists, it was pointed out, for uniformity in collection of statistical information found in such blanks.

### Marine Insurance Discussed

Marine insurance in its various aspects, in which the ice hazards of early and late St. Lawrence navigation and the fog hazards of the Pacific Coast were both considered. Studies of the varying conditions are by no means complete, according to the report on marine insurance submitted by F. B. Mac Latchy, New Brunswick, chairman of the committee. Mr. MacLatchy recommended that the question should receive further attention and be dealt with at the 1940 conference of the association.

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## Insurance Gains Victory as CCC Drops Pool Plan

### Private Insurance Retained on Sealed Corn—New Rate Is 40 Cents

Success was achieved Tuesday by the insurance interests that have been seeking to cause the Commodity Credit Corporation to abandon its announced plan of setting up a federal insurance pool to cover grain encumbered with CCC loans, supplanting the cover that has been carried in private companies, placed through local agents. After repeatedly being told in conference that the self-insurance plan was final by members of



L. G. WARDER

the department of agriculture, the department finally reconsidered on Tuesday and wired all field offices of the Agricultural Adjustment Administration and of the CCC that the instructions that were previously given governing the proposed self-insurance plan are canceled.

At the expiration of present insurance policies in private companies, renewal insurance certificates will be taken in the usual manner but at a rate of 40 cents per \$100 of valuation, instead of the rate of 75 cents that has prevailed.

### Appeal to Secretary

The CCC had proposed to create a fund by an assessment of one-fifth cent per bushel on farmers on corn stored on farms and by an assessment of one-tenth cent per bushel on elevator stored corn.

The numerous conferences that were held last week between government officials and representatives of the Farm Underwriters Association and the Na-

(CONTINUED ON PAGE 20)



## New Jersey Agents Program Announced

**Annual Meeting Will Be Held at Asbury Park Sept. 7-8**

The program for the annual meeting of the New Jersey Association of Underwriters to be held at the Berkeley-Carteret at Asbury Park, Sept. 7-8 is announced, it being as follows:

### Thursday, Sept. 7

9:30—Start of golf tournament. Play at Deal Country Club for association's cup, gift of the Berkeley-Carteret. Awarded on basis of low gross score.

Kicker's Handicap.

10:30—Executive session (for all members).

Executive committee and committee chairmen.

Reports of vice-presidents of state association.

Open meeting for the consideration and discussion of subjects local or county boards or members desire to bring before the association.

12:30 p. m.—Asbury Park Kiwanis Club Luncheon.

Address to Kiwanians by State Association President H. D. Holmes. Topic: "Insurance, a Service to Mankind."

Round table group conferences and discussions, led by officers, committee chairmen, past presidents.

### Afternoon Session

Rural agents' forum, Rural Agents' Chairman A. T. Riedel, and Educational Chairman C. E. Meek, Jr., presiding.

A—Series of ten-minute talks.

1. C. C. Schmelz, agent, Somerville, N. J.

2. J. E. Lansing, farm underwriter, southeastern territory, Firemen's group.

3. Leon A. Watson, expert Schedule Rating Office of New Jersey.

B—"Insurance Information Please."

Master of Ceremonies, Prof. L. J. Ackerman. Experts: F. W. Groves, Fire Companies Adjustment Bureau; W. N. Edwards, St. Paul Fire & Marine; J. E. Bentley, Hartford Fire; Palmer Weis, American of Newark; H. L. Mehorter, Crum & Forster; T. K. Hawbecker, Aetna Casualty & Surety.

C—Fifteen-Minute Quiz: Prof. L. J. Ackerman.

D—Closing remarks by Co-Chairmen Riedel and Meek.

7 p. m.—Get-together dinner.

Greetings by A. Harry Moore, governor of New Jersey.

"Tell 'Em, Sell 'Em!" V. E. (Sam) Vining, manager of department store sales for Westinghouse; sales author and speaker, known as the "Red Suspender Philosopher" and the "Will Rogers of Selling."

Presentation of golf tournament awards.

Floor show and dancing.

"A Day and Evening at the New York World's Fair." Motion picture, in color. Courtesy Royal-Liverpool groups.

### Friday, Sept. 8

Address of welcome, H. D. Holmes, president.

Discussion of the following reports published in the "New Jersey Agent": President and executive committee, secretary-treasurer, membership, rural agents, local board, educational, legislative, compensation, accident prevention, Business Development Office, special.

Discussion of 1939-40 educational program and announcement of award of certificates for completion of educational courses.

Educational Chairman C. E. Meek, Jr., and Educational Director L. J. Ackerman. Series of ten-minute discussions:

"The All-Important Survey," S. J. Shuttleworth, agent, Atlantic City.

"Fidelity Bonds," W. T. Ashby, agent, Newark.

"Motor Vehicle Accidents; Their Causes and Cure," W. J. Dearden, deputy commissioner department of motor vehicles, New Jersey.

Greeting from the New Jersey Association of Real Estate Boards, T. F. Appleby, President.

Greetings from the New Jersey State

## Program of Washington Agents

The officials of the Washington Insurance Agents League have announced the program for the annual meeting to be held at the Hotel Leopold, Bellingham, Aug. 31-Sept. 1:

There will be special entertainment for the ladies, with a dinner party the first evening, a luncheon and entertainment the second noon and a sightseeing tour the second afternoon. Mrs. Kenneth Ireland is chairman of the ladies committee, being assisted by Mrs. Bryson McGill, Mrs. H. J. Miller, Mrs. H. E. Carr and Mrs. Nicholas Jerns, Jr., all of Bellingham.

### Thursday Morning, August 31

7:30 a. m.—Breakfast meeting, field men and League B. D. O. committee with H. P. North, San Francisco, assistant director Business Development Office.

9:45 a. m.—First convention session. Address of welcome, O. A. Myhre, president Northwest Washington Insurance Agents Association and general convention chairman.

Response, Harry Faxton, Walla Walla,

Dental Society, Dr. A. R. Kristeller, chairman insurance committee.

Report of findings and recommendations from round table discussions of Thursday, Sept. 7.

### Afternoon Session

Tribute to past presidents of state association at past president's table, H. D. Holmes, president.

Response: Fred J. Cox, past president New Jersey association and past president National Association of Insurance Agents.

Introduction of visiting state and departmental officials and other guests.

Election of officers, executive committee, and county vice-presidents.

Address, "Standing by a Principle," W. H. Bennett, general counsel National Association of Insurance Agents.

Address, "The Association of Casualty and Surety Executives," Ray Murphy, assistant general manager.

Address, "More Insurance Through Credit," W. H. Whitney, secretary-manager New Jersey Association of Credit Men.

7:30 annual banquet.

Greetings by incoming president.

Addresses: "The New Jersey Insurance Department," L. A. Reilly, commissioner of banking and insurance of New Jersey.

Awarding of William J. Wilson Memorial Cup to local or county board in New Jersey rendering most outstanding service to the American agency system the past year.

Adjournment.

president Insurance Agents League of Washington.

Report of the Administration, Harry Paxton, president.

Instructions to active committees: Nominations, H. N. Mann, Tacoma, chairman; credentials, G. R. Thleme, Seattle, chairman; resolutions, E. O. Allen, Wenatchee, chairman.

"Solidarity," W. H. Menn, Los Angeles, president National Association of Insurance Agents.

"Current Problems Facing the Local Agents and the Insurance Department," W. A. Sullivan, insurance commissioner of Washington.

"A Dose of Your Own Medicine," Clyde M. Marshall, assistant manager Aetna Fire, San Francisco.

### Thursday Afternoon, Aug. 31

Closed session for members only.

Reports of resolutions committee, report of credentials committee, report of nominations committee.

Election of officers.

### Thursday Evening, Aug. 31

6:30 p. m.—Banquet, A. V. Holman, America Fore, San Francisco, toastmaster.

Introduction of retiring president.

Introduction of newly-elected officers.

Introduction of honored guests.

Informal comments, W. H. Menn, Los Angeles; H. P. North, San Francisco.

### Friday Morning, Sept. 1

"The New Rural Fire Protection District Law," A. J. Peters, Issaquah, chairman rural agents committee; A. J. McCarthy, chief, Puyallup fire department. "Our Task," H. P. North, San Francisco, assistant director Business Development Office.

"Important Insurance Legislation Recently Enacted," John N. Sylvester, Seattle, speaker house of representatives.

"Politics and the Insurance Business," Arthur M. Brown, Jr., San Francisco, Edward Brown & Sons.

"Aetna on Guard," a sound motion picture film shown through the courtesy of the Aetna Casualty & Surety and Stanley Rogers, Diehl Motor Co., Bellingham.

### Friday Afternoon, Sept. 1

Annual golf tournament and horseshoe tournament, Bellingham Golf & Country Club.

### Friday Evening, Sept. 1

Buffet dinner and cabaret party.

The California department has issued a permit to the Occidental Indemnity authorizing it to sell not to exceed 2,500 shares to the Fireman's Fund at \$200 a share.

## Commission Plan Is Adopted in Arkansas

**All Hands in Unity Reach an Agreement as to Scale**

The Arkansas Association of Insurance Agents, in conference with the local advisory committee and the Arkansas supervisory committee of companies, has agreed on a set of commissions for stock companies writing 95 percent of the business in the state. The local agents felt that the time had come to have their commissions on a basis that insures permanency. They realized that there is danger in payment of excess commissions in that more or less chaotic conditions prevail. The Arkansas Association of Insurance Agents sent out a letter to all Arkansas agents under the signature of President L. H. Derby of Warren; Vice-president J. H. Means, Secretary C. C. Mitchener, Marianna; Manager L. R. Martin of Pocatonga; Executive Committee Chairman G. S. Purifoy of Camden.

### Text of the Letter

The letter reads:

The officers and the conference committee of the Arkansas Association of Insurance Agents, carrying out the resolution adopted by our convention of 1938 and reaffirmed by the convention of 1939, are pleased to advise that we have completed negotiations with the stock fire companies writing 95 percent of the business in Arkansas, wherein a uniform grade of commissions has been established, effective July 1, 1939, as outlined below:

Fire and extended coverage, windstorm, sprinkler leakage and riot and explosion, 20 percent; automobile (fire and theft and collision), 25 percent; property damage, 20 percent when written through fire department; earthquake and aircraft, 10 percent; rain, 12½ percent; hail (cash), 20 percent; (bank certificate of deposit), 15 percent; (insured's note for premium), 15 percent; floater, reporting value and multiple location forms of coverage and single state reporting forms other than A, and B; fire (only) covers on cotton compress and/or cotton warehouse liability under insured receipts, 15 percent. Railroad business is especially excepted.

### Inland Marine Business

On inland marine lines the commission scale to be paid to Arkansas local agents shall be that of the Inland Marine Underwriters Association at all times; registered mail 15 percent; on all classes of inland marine business not under jurisdiction of I. M. U. A., 20 percent.

Commission allowances will cover and include all agency expenses such as postage, exchange, advertising, solicitors' fees, personal local license fees, rent, clerk hire, services for adjusting losses under policy issued by the agency, local board expense and all other agency charges excepting only maps, map corrections, advertising as required by law and taxes.

In addition to approving a uniform scale of commissions, these same companies gave approval to other recommendations of your officers and conference committee for the proper conduct of the business in Arkansas, which were felt to be for the good of the business, these being:

Brokerage—Countersigning or brokerage commission on all policies (other than marine) covering risks located in Arkansas shall be paid to Arkansas local agents and shall be identified by the company to the agent at the time the commission is allowed or paid by giving the policy number, assured and location of risk.

General Agencies—General agents and field men are not permitted to engage in local business. No commission shall be paid to a local agent as general agency compensation.

Automobile—Finance accounts to be written in strict accordance with the National Automobile Conference rules.

Non-recording Agents—Companies shall not make any further appointments of non-recording agents in Arkansas of parties or agents not now operating on

(CONTINUED ON PAGE 11)

## THIS WEEK IN INSURANCE

Victory is achieved by insurance interests in inducing the **Commodity Credit Corporation** to abandon its program of self insurance for corn upon which CCC loans are made. **Page 1**

**Canadian Superintendents Association** holds annual convention at Montreal. **Page 1**

Hearing on the **Missouri rate case** is held this week at St. Louis in charge of Master Paul V. Barnett. **Page 1**

Annual meeting of the **Utah Fire & Casualty Insurance Association** is held this week at Salt Lake City. **Page 20**

W. J. Scott, fire marshal of Ontario, at the annual meeting of the Association of Superintendents of Insurance of the Provinces of Canada, recommended a **written application for fire policies**. **Page 3**

Speculation as to reason for £8,000,000 deposit of **London Lloyds** in New York City bank. **Page 10**

Program is announced for the annual meeting of the **New Jersey Association of Underwriters**. **Page 2**

**Herbert Cobb Stebbins** of Denver, secretary American Association of Insurance General Agents, gives an address before the Utah agents. **Page 3**

Program is announced for the annual meeting of the **Washington Insurance Agents League** to be held at Bellingham. **Page 2**

**Commissioner Neslen** of Utah, president National Association of Insurance Commissioners, is on a long trip speaking before organizations and conferring with commissioners. **Page 32**

**Otto E. Schaefer** is rounding out 50 years of service with the Westchester Fire. **Page 9**

**Charles L. Tyner**, former president of the Home of New York, is dead. **Page 13**

**Wallace J. Falvey**, vice-president Massachusetts Bonding, in an address before the American Association of Motor Vehicle Administrators, spoke on standardization of traffic accident prevention methods. **Page 15**

Close attention is being given by adjusting interests and casualty companies in California to the report just released by the **committee on lay adjusters of the California State Bar Association**. **Page 15**

Impressive program is announced for the anniversary meeting of the **Minnesota Insurance Federation** to be held in St. Paul, Sept. 19. **Page 15**

New manual to assist state and municipal governments in making the standard motor vehicle inspection work effective is issued by the **National Conservation Bureau**. **Page 17**

With life insurance production considerably off, many brokers are turning their attention to **general insurance lines**. **Page 15**

Comment on use of the **50-50 plate glass** insurance policy. **Page 17**

Program is announced for the annual meeting of the **Iowa Association of Insurance Agents** at Mason City. **Page 27**

**Arkansas Association of Insurance Agents** announces stabilization plan for commissions in that state. **Page 2**

**Wyoming Association of Insurance Agents** is holding its annual meeting this week at Rock Springs. **Page 20**



## Fire Marshal Urges Written Application for Fire Policies

### Ontario Official Declares the Practice Would Avoid Much Misunderstanding

MONTREAL—W. J. Scott, fire marshal of Ontario, spoke before the annual meeting of the Association of Superintendents of Insurance of the Provinces of Canada here this week on "Written Applications for Fire Policies." He feels that there is often a feeling of hostility toward fire companies on the ground that they are soulless corporations with unlimited resources and there is little real blame to be attached to anyone in getting as much as possible out of a company even to an extent of approaching fraud.

#### Two Factors Mentioned

This attitude, he said, is due to two main factors. First, the failure of the insurance world to acquaint policyholders and the public with the nature and extent of the public service rendered, and next, the unfortunate difficulties which so frequently arise in the adjustment of losses. In court cases where fire insurance is involved, both civil and criminal, he said, the sympathy is almost always with the policyholder and against the company.

The commissioners, he said, are considering the question of a revision of the fire policy and with this, Marshal Scott urged that there be coupled the question of the requirement by statute of written application for all fire policies. All life contracts, he said, are required by statute to be based on written application and to form part of the policy. In Ontario all automobile policies have a written application. It is also the practice to require written applications for accident and health insurance.

#### Some of the Objections

Probably, Marshal Scott said, the main objection to the use of written application forms will be:

"(1) Issuing rush covers, usually on telephone instructions. In my view this presents no difficulty if the same principle is followed as in automobile insurance, namely, a certain period provided after the insurance is taken out within which the signed application is to be obtained. In England the practice, I am informed, is to issue immediate verbal covers where desired, and no grave difficulty is experienced in getting the formal proposal the next business day or first convenient time.

"(2) Large risks with a lengthy schedule of companies. This can easily be dealt with by the legislation providing that an application to any particular company shall apply equally to any other companies insuring the same property at the same time through the same agent.

"(3) Renewals. Here again the legislation could provide that an application should apply to all future renewals unless written notice to the contrary is given.

#### Object to Extra Work

"(4) Objections of agents to the extra work. This is possibly the most serious objection, due to the apparently rather dominating influence which agents often appear to exercise in matters of insurance company policies. However, those insurers which already use signed applications apparently have no unsolvable difficulties with their agents, and from my own talks with agents in the

## Withhold Details of Structural Continuance Form

Universal of New Jersey, which has undertaken to underwrite a new form of cover, known as structural continuance insurance, is not yet releasing complete particulars about the plan and declines to permit reproduction of the policy. Talbot, Bird & Co. of New York, owners of Universal, are not letting copies of policies out of their hands and have let only those few brokers see it who actually had cases that might be insured.

Apparently in this undertaking, the risk element will be very slight and the service element very large. The insurance element seems to consist of the fact that the insurance company agrees to take care of the hazards insured against no matter how far above the contemplated cost (within the policy limits) these charges may run. The practicability of the scheme appears to depend on whether expert engineering maintenance can save building owners enough money to pay for the cost of acquisition, the overhead of operating on an insurance basis and still leave a margin of profit for the underwriters. Considerable interest has been aroused in the enterprise because of the standing of Talbot, Bird & Co.

smaller cities and towns of Ontario, I think such agents would welcome the change as relieving them of responsibility for the fullness of details and accuracy. On the other hand some of the big agents with a tremendous volume of business may object to this extra work, but may I suggest that the securing of a signed application would not add a great deal to the service these agents are supposed to render to both company and client for the larger commission many of them receive.

"In addition, there will be serious problems to be solved in the actual wording of any section to require written applications, particularly to deal with the rights of mortgagees, and in the wording of the actual application form itself, but after all these are only matters of draftsmanship which can be adequately solved by the legal talent of this association and the others interested."

Fire Marshal Scott called attention to the fact that it is the practice in England to obtain completed personal forms for fire policies. There is ample precedent, he said, for such practice. The list of questions on a signed application frequently plays an important part in arson prosecution, he added. Underwriting

## New Chairman



STUART SCRUGGS

Stuart Scruggs of the well known general agency of Gross R. Scruggs & Co., Dallas, Tex., becomes chairman of the executive committee of the American Association of Insurance General Agents. He has been in charge of the general agency for eight years. It was founded by his father in 1900.

fire risks, he said, should produce no more difficulty with regard to signed applications than life, automobile or health or accident policies. He believes that if an application is demanded, then the possibility of clashes in statements would be reduced.

#### Committees Are Appointed

President Fred R. Lanagan of the American Association of Insurance General Agents announces the appointment of the following committees: Conference, L. B. Daniels, chairman, San Francisco; K. S. Dargan, Houston; L. C. Quin, Atlanta; general welfare, W. L. Braerton, chairman, Denver; G. E. Edmondson, Tampa, Fla.; H. A. Steckler, New Orleans; membership, B. P. Carter, chairman, Richmond; J. O. Smith, Dallas; A. A. Naef, Seattle; memorial committee and national councilor, J. K. Shepherd, Little Rock; publicity, Herbert Cobb Stebbins, chairman, Denver; John D. Boyle, Los Angeles; C. F. Zehnder, Nashville.

## Sees Evil Portents in Insurance Skies on Inland Marine

### H. C. Stebbins of Denver Decries Breaking Down of the Fire Rate Structure

SALT LAKE CITY—At the annual meeting of the Utah Association of Insurance Agents this week, Herbert Cobb Stebbins, of the general agency of Cobb & Stebbins of Denver, spoke, taking, as he said, as a topic for discussion one of the utmost importance to the fire insurance business. He said it is important because he characterized it as "destructive and threatening the future of the business." He referred to what he characterized as the "pernicious practice prevalent in many parts of the country of tearing down the established rate structure of the fire business through the writing of inland marine policies covering property at permanent locations for fire and other hazards for a premium that is lower than the straight fire premium alone would be if written in a fire policy."

#### Position on Inland Marine

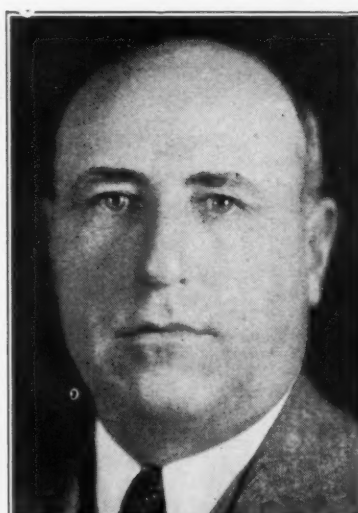
Mr. Stebbins made it clear that he is not opposed to the writing of inland marine. In fact, he urges every agent to develop legitimate inland marine lines energetically. He declared that no agency is abreast of the times unless it is utilizing inland marine facilities for the development of its premium income and the proper protection of its clients. His entire objection, he explained, is to the improper use of inland marine facilities.

Mr. Stebbins asserted that generations of capable men have built the insurance business along sound and constructive lines. The established fire rates have been obtained through long years of experience and are based on actual hazards. The record of the fire companies, as a whole, he declared, is enviable. During the years new forms of insurance have been developed for the better protection of the public, and better contracts have been devised. Unscrupulous individuals, he said, actuated by greed, have misused the facilities developed by

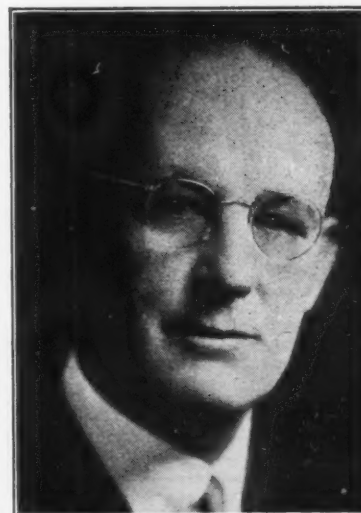
## PROMINENT AT WYOMING LOCAL AGENTS MUSTER



R. W. FORSHAY, Anita, Ia.  
Executive Committee National Agents Association



CHET V. DAVIS, Sheridan, Wyo.  
National Councilor  
Wyoming Agents Association



FRED R. LANAGAN, Denver  
American Association of Insurance  
General Agents

utilizing them in ways never intended originally.

Continuing, he said:

"There are many persons engaged in insurance in both the company and local agency ranks who constantly seek in their greed for business, some means of 'chiseling' and have in many cases found an opportunity to do so by misusing their inland marine facilities. Whenever a company man calls on you and tells you how you can take fire business away from one of your competitors, which has been written at the proper fire rate, by issuing an inland marine policy covering not only fire but other hazards at a rate below the established fire rate, he is not doing you a favor. He is encouraging you to destroy the business of insurance. Such a man is not smarter than his competitors, for it has never required brains to sell a \$20 bill for \$19, and certainly indicates the opposite of smartness to sell one for about \$9.50.

#### Would Object to Robbery

"If you were not an insurance agent but were a merchant and had been paying each year a premium of \$1,000 for your fire insurance and then some insurance man came along and offered you a policy which would cover not only against fire but various other hazards as well, for a premium of only \$500 or less, just what would your opinion be of the insurance business and of insurance men? Certainly you would feel that you had previously been robbed, that the agent who had been handling your business for years had not given you a square deal and that something was very wrong with the insurance business, as a whole. Would you not feel, perhaps, that the entire business should be investigated, and with every justification for your feeling?

#### Vulnerable to Attack

"There is no business more vulnerable to attack than the insurance business and neither is there a business in the world with a more honorable record throughout the years, yet it is endangered by the actions of those who regard others as being stupid for the reason that they are honest, and, in their greed for business, are destroying the faith of agents in company management and the faith of the insuring public in the integrity of the insurance companies.

"A day of reckoning is surely coming and in the meantime each and every insurance man, whatever his position may be, who is contributing to the destruction of our business, in the ways referred to, no doubt regards himself as a smarter man than his fellows in the business who are attempting to carry it on in the decent, honorable way which has made it the great business that it is.

"These thoughts are respectfully sub-

## Correspondence Plan Revised

Training Course Covering Property Insurance in Various Lines Has Been Thoroughly Modernized

More and more there are stricter agency qualification laws being enacted in the various states. This means, of course, that there will be a higher standard of representation. Some states are requiring written examination and in others an applicant must justify the granting of a license. Therefore there is an increasing demand for better trained agents who at least have an elementary knowledge of the various fire lines.

THE NATIONAL UNDERWRITER has provided a training course in property insurance and allied lines for a number of years. This gives anyone a working knowledge of the business so that he can intelligently present the subject to a prospect. He will be able to protect his clients more efficiently. Many office employees take the course. While it has been prepared largely from the sales point of view yet those who come in contact with the public in any way can profit by its study.

#### Course Has Been Revised

The course has just been revised so that all the information is up to date. It consists of 21 lessons printed in 10 separate booklets. Following each lesson are examination questions which the student answers and forwards to the instructor for grading and comment. Avoiding any purely academic discussion, the lessons supply the facts that insurance salesmen need to develop premium volume. They are written in language they can readily understand. Dwight H. Ingram of Chicago, the author, is thoroughly experienced in many branches of insurance. He is a Harvard graduate. He sprang from an insurance family as his father, the late John C. Ingram, was for many years Indiana state agent of the Great American, later assistant western manager and then co-manager.

Dwight Ingram is senior member of the Chicago agency of Griffin, Ingram & Pfaff. He has functioned as a rater, inspector, later became a solicitor for one of the largest Chicago agencies until

mitted for your consideration and are not voiced hastily. They are based on innumerable discussions with thoughtful fire insurance men in both company and agency ranks throughout all sections of the country who are much distressed."

about 15 years ago when he became a member of his firm. His experience, therefore, includes personal soliciting, rate checking, managing an office, directing solicitors. He has a very definite understanding of insurance from his wide experience and he possesses the capacity for imparting knowledge.

When a student completes the course and a satisfactory grade secured on all the lessons a certificate is issued. The subjects covered include the basis of fire insurance; insurable value; policy form and term; rates and fire prevention; business interruption insurance; obligations of the policyholder; loss adjustments; kinds of insurers; forms for large risks; insurable hazards of nature; salesmanship; automobile insurance; organizing the salesman's work; the partners of U & O; marine insurance; charting insurance needs; extended coverage, explosion; sprinkler leakage and other lines; finding prospects; the opportunity and need for selling property insurance; position and duties of the salesman.

The publisher's guarantee which goes with every course provides refund of every penny paid for tuition to any person who completes the course and is not satisfied. The tuition charge for the entire course, including instructor's service for grading the examination questions, is \$20 payable in installments. Enrollments may be sent to THE NATIONAL UNDERWRITER, 420 E. Fourth street, Cincinnati, Ohio.

#### Jersey Fire Losses Increased

NEWARK — Estimated fire loss in New Jersey in July is \$502,000, which is somewhat higher than in July, 1938. Losses on mercantile risks were very high but dwelling losses substantially decreased. The last four months' fire losses in the state have been over \$500,000, while losses for the first three months were somewhat lower.

The Maine Association of Mutual Fire Companies completed its series of agents' educational conferences held at various points about the state with meetings in Lewiston and Portland the past week. Speakers were L. A. Jack, Lisbon Falls; H. F. McGlauffin, Presque Isle; Clarence A. Scott, Old Town; H. B. Crawford, Houlton and H. E. Rodgers, deputy insurance commissioner.

John M. Vos of **Prairie City, Inc.**, has purchased the C. W. Phelps agency there.

## Wage Guaranties May Affect U. & O.

New Provision Would Change Status of Employees Under Contract

The growing tendency on the part of large industries to guarantee a certain number of working days per year or a minimum annual wage to workmen will have its effect on use and occupancy insurance. The recent announcement of General Motors that it will inaugurate such a plan in 1939 will undoubtedly cause other manufacturers to install similar guarantees.

Under the standard use and occupancy forms in most jurisdictions, ordinary payroll cannot be insured for more than 90 days under item 2. However, the salaries of employees under contract should be included under item 1 and there appears to be no reason why employees working under a guaranteed annual wage should not be regarded as employees under contract and their minimum wages included under item 1. In some cases this has already been done and it is expected that this may materially increase use and occupancy premiums for several assured.

## Residence Property Competition Grows

NEW YORK—Although very serious attention long has been devoted by organization stock companies to the competition of mutuals and non-affiliated stock carriers for large risk business, and elaborate plans for effectively meeting it have been devised, entirely too little interest, in the opinion of some officials has been given to the inroads made by cooperatives and kindred types of carriers on residence properties.

Throughout New England and a number of Atlantic seaboard states, non-stock concerns have been aggressively and with increasing success soliciting the preferred business. This trend has progressed to the point where some big stock offices that have long held a choice line of such risks are much concerned over the loss of business.

#### Is Important Problem

They feel the situation calls for equal consideration with that afforded large line business, for while individual premiums on residence risks are small, yet in the aggregate the class contributes a large annual income and still is considered to be preferred.

At one time residence business was deemed so desirable as to warrant several companies in the east centering their entire activity on soliciting it, writing mercantiles and stocks only when required to please agents specializing on preferred risks. Aside from the competition of cooperatives, stock companies find growing aggression in the same connection from non-affiliated stock companies whose appeal in the main lies in payment of excess commission to agents.

## Loss Ratio Higher on Farm Business

Farm writing companies report that during the last few months the loss ratio on fire business has increased materially. There are more fires. The most alarming situation is an increase in the number of suspicious losses. This is probably due to the price of agricultural products. In Arkansas companies are commenting on the fact that a number of cribs containing corn have burned. There seems to be no reasonable excuse for these fires.

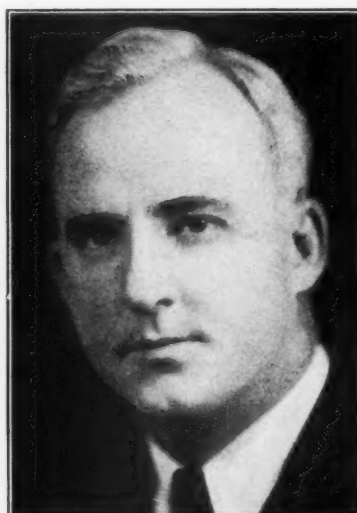
## SPEAKERS AT UTAH LOCAL AGENTS CONVENTION



WAYNE C. MEEK, Seattle  
National Executive Committeeman



JOY LICHTENSTEIN, San Francisco  
Const. Manager Hartford Fire



HERBERT COBB STEBBINS, Denver  
American Assn. of Insurance Gen. Agents



## Marine and Fire Men Still Don't See Eye to Eye

### Underwriting Approach Differs and Each Raises Eyebrow at the Other

Some fire and casualty underwriters feel that inland marine underwriters are upsetting the business, and also that some aggressive elements by running "hog-wild" in various sections may even be causing a breakdown in the inland marine business itself.

Perhaps the reason many fire underwriters feel that way is that they did not until recently have marine departments. They have come to recognize the increasing difficulties in their own business with constantly reducing average rates, improved construction of fire resistive type, general business conditions with basic change in merchandising methods under which only small stocks are carried by merchants, etc. On the other hand the casualty and inland marine markets are growing by leaps and bounds.

#### Question Rating Methods

Then too, schooled in schedule rating and underwriting out of a book, it is only natural that many fire underwriters should throw up their hands in horror at some of the things that inland marine men do. They feel that the newer branch of the business has been picking rates very largely out of the air.

Fire men with seasoned marine departments do not feel this way because year in and year out they have seen that the inland marine business has been profitably underwritten. However, generally it is probably true that there has been a great deal of rivalry between the fire and inland marine men, and some even between departments in the same company groups.

However much the fire men may criticize the inland marine contingent, it must be admitted that inland marine insurance is now some 20 years old in this country, and in the main the experience has been splendid.

There is a striking difference in the underwriting methods as between the two types of insurance. The fire men have developed over the years a highly detailed system largely based on physical characteristics. However, marine men say the fire men underwrite very largely from the map. The marine men claim that their method is much more flexible and responsive to needs and trends. They underwrite individually, and when they have secured all the facts possible fall back very largely on judgment based on their experience for their final action. Personal factors in the risk often play an important part.

However it is true that a number of opportunists have arisen in the inland marine field—some of these being newer marine departments of older seasoned fire companies. It may be the activities of these which are causing concern among the more conservative fire men—but the seasoned inland marine underwriters also are worrying about the situation and hold no brief for such practices.

Another complaint of many fire men seems to be that the inland marine offices are unhampered by many rules and regulations; that it would be better if there were set down in black and white exactly what the inland marine departments could and could not do. The marine men feel that they have been able to establish their fine record

### Soon to Assume Top Rank in Blue Goose Grand Nest



JOSEPH R. KNOWLAN

Joseph R. Knowlan of Philadelphia is slated to be elected most loyal grand gander of the Blue Goose at the grand nest convention in Cincinnati next week. Mr. Knowlan has progressed through the steps in the grand nest hierarchy and for the past year has served as grand supervisor. He began his career as an office boy 29 years ago in the inspection bureau of A. R. Schmidt & Co., Philadelphia. In 1923 he was made a member of the firm. On the death of Mr. Schmidt in 1935, Mr. Knowlan purchased the business which is now known as Knowlan, Thorpe & Co. It is an inspection bureau for fire insurance companies, furnishing what are known as Schmidt Reports. The business was established in 1878.

Mr. Knowlan served in the marine corps during the war, coming out as a second lieutenant. He has continued his marine corps work and now is a major in the reserves commanding an artillery battalion.

Mr. Knowlan has been a member of the Blue Goose for a number of years and has been wielder of the Philadelphia pond since it was established in 1930. He has also been secretary of the Insurance Society of Philadelphia for several years. He is a past commander of the marine post of the American Legion and a charter member of the marine post of the Veterans of Foreign Wars.

largely because they have not been unduly restricted. If left alone, they say, they always will make money for their companies.

They claim that their present underwriting practices are very largely a product of public demand. Proposals come in daily to every marine office for coverage which the marine and casualty departments have refused to write. Marine underwriters claim their method on submission of a risk is to search for ways and means of writing it somehow, whereas, they say, training in the fire department has been largely one of questioning whether there were not rules and regulations that would forbid writing. This may or may not be a just criticism, but it is one frequently heard among marine men. They say the growth of the inland marine end can be laid very largely to the fact they are supplying coverage which the other departments will not write. In many cases it is true the other departments are not permitted by their charters or state licenses to write such coverages.

The inland marine end is not without regulation, however. The Inland Marine Underwriters Association was formed a number of years ago to define coverages, rates and underwriting rules. It is coming to be felt in the business

## Newspaper Writers Will Be Numerous at Boston Meeting

NEW YORK—The National Association of Insurance Agents announces that advance registration from staff members of insurance newspapers and daily papers running insurance news indicate that the convention will be covered this year by a larger working press than ever before in its history. The convention will be held at Boston the week of Oct. 2. The "Insurance Field" of Louisville, as usual, will get out its convention dailies under the direction of President John E. Puckette. He will be assisted by Managing Editor Elmer Miller, Jr., of Louisville and Associate Editor E. M. Ackerman of New York City.

C. M. Cartwright of THE NATIONAL UNDERWRITER, who was present at the organization meeting of the National Association of Insurance Agents in Chicago at the Great Northern Hotel, and reported that gathering 45 years ago, will have as his associates J. C. O'Connor of Chicago and Ralph E. Richman of Boston.

The "Standard" of Boston will be represented by C. E. Belcher, the publisher. The details will be handled by Managing Editor S. S. Knowles and W. N. Woodland, associate editor. The "Insurance Age-Journal" of Boston will have president Editor Frank Armstrong and Miss M. E. Goslin, associate editor.

Clarence Axman of the "Eastern Underwriter," as usual, will be on hand assisted by Associate Editor E. N. Eager. R. R. Dearden, III, will be the main man for the "United States Review." T. J. V. Cullen, editor, and R. W. Sheehan, managing editor of the "Spectator," will be present and it is expected that Thomas L. Kane, its president, will also be present. Russell Rhodes, fire insurance editor of the "Weekly Underwriter," will report for that paper. John M. Francis will represent the "New York Journal of Commerce" and John R. Bouldry, Boston correspondent of the Chicago "Journal of Commerce," will handle its news. The "American Agency Bulletin," official publication of the National Association of Insurance Agents, will have a strong editorial staff. Alfonso Johnson, managing editor of the Dallas Association of Insurance Agents, and free lance reporter, will assist a number of publications.

that one effect of this was not to build a fence around the inland marine business but actually to set up a preserve which tempts the outsiders to poach. It also forms a means by which some companies secure underwriting information along inland marine lines without having previous experience themselves. This has made it possible for companies unskilled in the line to be competitive factors. The I. M. U. A. in effect has set up a target at which the outsiders can shoot without any knowledge of the business, for they figure if a company has made money in a line at a given rate, they can do so likewise.

The more seasoned inland marine underwriters insist they are definitely not poaching on preserves of the fire and casualty companies, as all inland marine companies are observing the inland marine definitions adopted by the National Association of Insurance Commissioners after long conferences with fire, inland marine and casualty company officials.

It is also presented by the inland marine men that there is no justification for the feeling of casualty companies that the personal property floater sold by inland marine companies is ruining the burglary business. Review of state figures, it is claimed, will show that in states where the personal property floater is written there is no less appreciation in burglary business than in states where it is not written.

## Cooperative Scheme Is Being Watched by Insurance Men

### Many People Are Inclined to Respond to Fanciful Plans

NEW YORK.—Not a few company executives as well as a larger number of local agents exhibit considerable concern over the consumer cooperative movement, professing to see in its development grave inroads into the business of stock fire and casualty companies, even to the eventual disappearance of the carriers and what is commonly termed the American agency system.

Not all underwriters, either at head offices or in the field, however, take such a pessimistic view, pointing out that the cooperative consumer program has been in existence here for almost 25 years and its growth has not been in proportion to the claims of its champions. While some enterprises launched under the auspices of cooperative associations have been moderately successful, others have collapsed dismally, leaving in their wake scores of investors who are now ardent champions of the profit system.

#### Respond to Fanciful Schemes

The people of the United States appear to be peculiarly susceptible to new ideas, whether in government, religion or the regulation of business affairs. The Utopia promised by champions of reform movements never fails to enlist a substantial following among the gullible. In comparatively recent years there has been witnessed the rise and fall of the greenback, 16-to-one, farmers alliance and Klu Klux movements in the political field and the Townsend, Long and Coughlin schemes in the economic realm, to mention but a few of the ideas advanced to overcome fundamental laws.

The chain store movement, against which retailers inveighed so long and bitterly, inducing the enactment in a number of states of special tax legislation to hamper the growth of the chain system, which the retailers asserted threatened their complete elimination from business, has not yet accomplished the dire and predicted, for despite the skill in management shown by chain store administrators generally, such institutions still do but 15 percent of the retail business of the country, the remaining 85 percent being transacted by individually or company owned stores.

#### Service Was Improved

A direct and beneficial result of the threat of the chain store competition was to compel individual shop owners to improve the character of their wares and to modernize their selling methods. Where this was done, and it has been accomplished in thousands of instances, the local merchant had no difficulty in holding his own.

From this it is not to be inferred that insurance executives favor sitting smugly content with conditions as they exist, refusing to recognize challenging movements. On the contrary, what the alert insurance men assert is that stock fire and casualty insurance must be ever ready to improve the nature of their contracts, and extend along all possible avenues the character of service rendered assured. They are confident that if this be done, the stock system will survive any method allegedly threatening its future.

## Vernor to Be Chief Speaker at South Dakota Rally

At the annual meeting of the Fire & Casualty Agents of South Dakota at the Hotel Marvin Hughitt, Huron, S. D., Oct. 25, the chief speaker will be R. E. Vernor, manager fire prevention department Western Actuarial Bureau at Chicago. Delegate speakers are being arranged both from the Minnesota and North Dakota associations. Joe Drury is president of the South Dakota association; A. W. Weller of Mitchell, vice-president; B. E. Beach, Huron, chairman executive committee, and H. M. Ward, Huron, secretary.

## Cultivating One's Voice Desirable in Selling

The Ronald Press Company of New York has out a new book, "You Sell With Your Voice," by E. C. Buehler, professor of speech and dramatic art of the University of Kansas, and Martin Maloney, assistant in speech Northwestern University. It deals with voice cultivation, both in public speech and conversation. Much can be done with improving one's voice under proper training. Voice has much to do with successful selling. These two authorities, therefore, have put together the results of their own experience and their own observations as instructors. As a nation, they declare people are growing more voice conscious and are moving toward better speech. As the authors put it, "The problem is not one of remaking the voice nature has given you. The question is not so much what kind of a voice you have, but how you use it, and what are its possibilities in terms of selling power. Our aim is to develop its hidden virtues so you may register the highest level of effective oral expression in sales work." The book is sold by THE NATIONAL UNDERWRITER, costing \$2.

## Sweeney Demands Prompt Action

W. T. Sweeney, Louisville local agent, has requested the Kentucky department to terminate promptly one way or another its proceedings against him. Mr. Sweeney's license was suspended for a period of 30 days July 6, but upon appeal to the courts, Mr. Sweeney got an order of reinstatement. Thereupon the department made formal charges against Mr. Sweeney and set a date for hearing, but this has not been held.

"If you have found where I violated any state law, rule or regulation in this case, please let me know," Mr. Sweeney has written to Vernon D. Rooks, assistant director of the Kentucky department. "If you feel, as I do, that 'the finger of suspicion' has been pointing toward me long enough I wish you would conclude your investigation or dismiss the case."

Fred L. Henkel, independent adjuster in Denver, celebrates this year his fifth anniversary as a representative of the stock fire companies in the Rocky Mountain territory. He is a graduate of Duke University and, before going to Denver, represented the Underwriters Salvage Company of New York in the southern department, with headquarters at Atlanta. He was later transferred to Denver, where he opened a branch office for the Pacific department. After four years he was transferred to San Francisco as assistant to G. G. Scarlett, general agent of the Pacific Coast department. In 1934, Mr. Henkel resigned to locate in Denver as an independent adjuster.

A dinner will be given Mr. Henkel August 28 by his friends in insurance. Present as hosts will be H. A. Reynolds, assistant manager of the Home, San Francisco, formerly state agent at Denver; Carl V. Rutledge, North British & Mercantile; H. E. Johnson, New Zealand, and H. E. Trautmann, manager Northwestern National.

Mr. Henkel's office services the mountain territory, handling fire, automobile, casualty and inland marine losses.

# Outstanding Insurance Book Is Having Large Sale

The demand for the book "The Manufacturer and Insurance," of which Lawrence S. Myers is the author, has exceeded the expectation of the publisher. Mr. Myers is assistant vice-president of Marsh & McLennan, Chicago. The volume outlines the insurance requirements of businesses, with Mr. Myers' methods of covering them. All lines of insurance,



LAWRENCE S. MYERS

fire, inland marine, casualty and surety, are included. Recommended forms are shown in full.

Written in straightforward, nontechnical language, Mr. Myers' work will appeal to the business man interested in buying proper insurance as well as to anybody in the insurance business. In addition to the actual coverages, the work includes such topics as fire and loss prevention, selection of insurance

carriers, selection of agents and brokers and the part which an agent or broker should play in handling a firm's insurance.

## Has Long Experience

"The Manufacturer and Insurance" is essentially a practical help, as distinguished from theoretical treatises. Mr. Myers' 27 years in the insurance business have been spent almost entirely in the handling of large business lines. He started with the D. A. Fisher agency in Memphis in 1912. After the war he was associated with Willcox, Peck, Brown & Crosby in New York for two years. He joined the Marsh & McLennan organization in Chicago in 1920 and since then has been responsible for handling some of the largest lines in the country. He was made assistant vice-president in 1936.

## Published by The National Underwriter

A number of years ago, Marsh & McLennan officials, realizing Mr. Myers' knowledge of the business, asked him to set down some of his ideas on paper for the guidance of other members of the organization. Slowly Mr. Myers built up his notes, constantly enlarging them and revising them from time to time as new forms and situations developed. The work finally reached such proportions that its fame spread outside Mr. Myers' organization. Learning of it, THE NATIONAL UNDERWRITER asked him to make it available to the insurance world.

"The Manufacturer and Insurance" is published by THE NATIONAL UNDERWRITER through its "Fire, Casualty & Surety Bulletins" department. It sells for \$3, with discounts for quantities. Orders may be placed through any office of THE NATIONAL UNDERWRITER.

## Some Recent Fire Decisions

There have been some recent fire insurance decisions of note.

The Maine supreme judicial court in Harwood vs. United States Fire holds that a policy will not be forfeited where the claimant made an honest mistake as to the correct basis for computing insurance values.

\* \* \*

The New Jersey chancery court in Levin vs. Potomac Insurance Company holds that a fire policy will not be reformed because of a mistake of fact by the insured after loss has been sustained, where the insured had ample time to inspect the policy and have the mistake corrected, but failed to do so.

\* \* \*

The United States circuit court of appeals, 8th circuit, in Hartford Fire vs. Logan Grain Company holds that a breach of forfeiture provisions in fire policies concerning encumbrances does not render the policies void but merely voidable and such conditions can be waived or the company may be estopped to urge the forfeiture because of knowledge of the existence of the encumbrance prior to the issuance of the policies.

\* \* \*

The Nebraska supreme court in Stake vs. Western Assurance states that where a clause in a fire policy provides that the insured should carry insurance to the extent of 80 percent of the cash value of the property at the time of the loss, and the insured fails to do this, he is liable as a coinsurer to the extent of such deficit.

\* \* \*

The United States district court in southern district, New York, Warshaw & Sons vs. Standard Marine says that the insurer of a bailor was required to pay the loss for goods damaged while

in the bailee's hands because his contract covered such a situation and the contract of the bailee's insurer covered only the excess of damage not covered by other insurance.

## Marine Men Confer on War Risk Rates in New Crisis

NEW YORK—Marine men are meeting here Wednesday to consider war risk rates in view of the crisis in Europe. The expectation is that sharp rate advances will be determined upon.

## Eliminate War Cover on Bridges

Holding it improbable that New Jersey bridges would be destroyed in the event of a war between European powers, State Highway Commissioner Sterner has extended the coverage on the spans up to \$5,828,000 for another three years, eliminating the war risk feature.

## Pelton, Cleveland Adjuster, Dies

F. S. Pelton, 64, independent adjuster of Cleveland, died at his home shortly after returning from his summer home at Vermilion. He had been in the adjusting business 25 years. Last year he was commodore of the Vermilion Yacht Club.

Invitations have been issued for the marriage on Sept. 2 of B. E. Moser, inland marine manager at Los Angeles for the America Fore group, and Miss Mary Hart, to be performed in All Souls Church, Berkeley.

J. A. Mitchell, lawyer of Brooklyn, has been elected a director of Great Eastern Fire.

## Underwriters Agency and Its Operations

**Question**—In the Aug. 17 edition you have an article discussing underwriters agencies. I have long been puzzled at the meaning of this term, especially when I have been told that the same special agents call on agents who have policies through underwriters agencies as call on agents representing the company directly. Are these underwriters agencies general agents, are they companies reinsuring all liability 100 percent with the company whose name appears on the policy, or are they some other entity that is unfamiliar to me. One large building-and-loan office here will not accept as fire insurance collateral any policy issued through an underwriters agency. Would you care to explain this difference?

**Answer**—An underwriters agency is merely the policy of the original or parent company with a caption on the outside or jacket, running perhaps as follows: "Underwriters Department of the ..... Insurance Company." An underwriters agency is merely a plan to appoint a second or third agency in a locality which is on a single agency basis. It is more or less of a fiction. The original agent might object to the appointment of second agency of his company but evidently does not raise any great objection to an annex or an underwriters agency, and yet there is no difference except a name on the policy front. The underwriters agency business is just the same as if written in the original company and there need be no reinsurance, of course, because the agency is simply selling the policy of the original company.

## S.E.U.A. Reduces Basic Rates

ATLANTA, GA.—The Southeastern Underwriters Association has promulgated reductions in basis rates for protected brick motion picture theatres and increased credit for standard projection booths and incombustible grade floors in brick class. Reductions also are announced for fire resistive risks on triple A hotels with special adjustments to be made in applying the schedule to apartment houses and hotels. The \$100 deductible clause has been deleted in the vandalism and malicious mischief endorsement.

## Shriners Honor Pacific Board

SAN FRANCISCO—The Pacific Board was "guest of honor" at a luncheon of Islam Temple Shrine Luncheon Club. There was large attendance of insurance men. The club occasionally thus honors outstanding business organizations.

## Would Control Mutual Rate in Ky.

An Associated Press dispatch states that the Kentucky department intends to sponsor legislation at the next session to bring mutual companies within the authority of the Kentucky Actuarial Bureau, which sets the rates in Kentucky subject to review by the insurance department.

## B. C. Hopkins on Vacation

B. C. Hopkins of Des Moines, president Iowa Association of Insurance Agents, left Wednesday for Lake Okoboji, Iowa, for a vacation. He has a number of appointments with agents in different points to meet him there. The annual meeting of the Iowa association will be held in Mason City, Sept. 6-8. President Hopkins completed the program which is unusually attractive this week.

E. H. Addington, who retired as Louisiana state agent of the Home in 1928 after 25 years' service with the company, died in New Orleans Monday at the age of 82. He was long regarded as one of the best informed and most popular field men in the south and was held in particular esteem by the late E.



G. Snow, president of the Home, with whom he usually spent part of each winter at St. Augustine, Fla.

### To Hold Golf Party

The Champaign (Ill.) County Local Agents Association is staging its annual golf party Sept. 14, at the Champaign Country Club. It is an all-day affair with luncheon and dinner and entertainment for those who do not play. The price is \$4 for golfers and \$3 for non-golfers.

### Audiss Makes Good Investment

William Audiss cannot hereafter say "I never won anything." The other day he was forced to purchase a lottery ticket in Marion, Wis. The big prize was a Plymouth sedan. Bill did not win the Plymouth, but was notified that he had won a bag of binder twine. Now Bill is planning on having his car rebuilt into a binder so that he can use the twine. Bill is Wisconsin state agent of the State of Penn.

### Gross Earnings U. & O. Form Authorized in Most States

The gross earnings use and occupancy form for mercantile risks is now in force in the majority of states. Louisiana, Mississippi, New Hampshire and Minnesota are the only states in which it has not been authorized. It is expected that the form will be introduced in all these states except Minne-

sota soon. None of the usual forms are permitted in Minnesota, because of statutory requirements concerning the coinsurance. The gross earnings form is in force in Canada.

The uniform schedule of rates, starting with 80 percent of the coinsurance building rate for 50 percent coinsurance, is followed in all localities except Texas and New York City. A special schedule is published in Texas and in New York City the contents rate is used as the basis. This rating is followed with all use and occupancy forms in New York City, because of the large number of multiple occupancy rented business buildings.

### To Promulgate Roof Standards

NEW YORK—Conferences between engineers of the Factory Insurance Association, Factory Mutual Association and other insurance writing organizations have been held seeking to formulate standard requirements for strengthening roof coverings on manufacturing and mercantile structures. The desirability of promulgating such standards was emphasized in the New England hurricane.

The force of the wind was such as to raise the roofs on many properties, few of which were properly "tied in," being in the main merely laid on supporting

beams. With the collapse of the roof the walls were drawn in; they, too, crashing. Engineers maintain that roofs should be securely tied to supporting columns.

### Webster Was on Historic Flight

D. L. Webster, president Automobile Underwriters Corporation of America, which handles the automobile finance business of the America Fore group, was a passenger on the United Air Lines plane which marked the 25,000 transcontinental flight of that system. Mr. Webster, who does much of his traveling by plane, is a member of the "One Hundred Thousand Mile" club formed by United the beginning of this year. All who have traveled 100,000 miles or more in scheduled air transport are eligible.

Other prominent insurance men who are members are Paul L. Haid, president Insurance Executives Association; W. F. Alexander, of the insurance firm of Alexander & Alexander; R. M. Chambers, vice-president, and R. B. Quick, technical advisor United States Aviation Underwriters; E. C. McDonauld, assistant secretary Metropolitan Life; and E. W. Elwell, U. S. manager Royal Exchange. C. W. Fairchild, general manager Association of Casu-

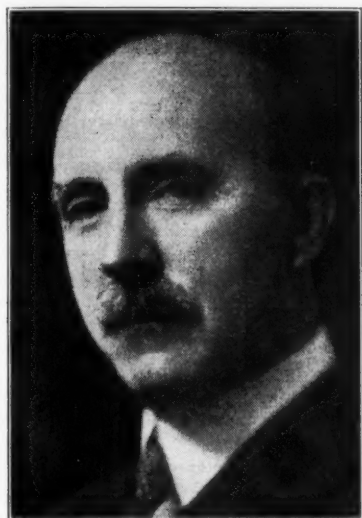
alty & Surety Executives, will soon be eligible for membership, as his flight record is only slightly under the 100,000 mile mark.

### "Charco Charts" Are Published

The Reviewers Chart Corporation, 41 Park Row, New York, has issued the 1939 edition of the "Charco Charts" giving information regarding the financial and business condition of fire and marine companies. The satisfactory progress made in general last year is graphically shown in this edition. Balance sheets and a 10-year record of the leading companies which are averaged and printed on the cover give information quickly as to the general trend of the business. During 1938 the chart shows that 23 percent of the inflow of funds came from underwriting and 29 percent from interest. The remainder came from increase in asset values. The average company set aside 54 percent of the gain to further strengthen its position by increasing special reserves and surplus. The "Charco Charts" now comprise information on 250 companies. The price of the chart is \$5.

Frederick W. Doremus, associate western manager of American, and Mrs. Doremus are vacationing at Sand Lake in northern Wisconsin.

### Reception Chairman



EDWIN J. COLE

Edwin J. Cole of Fall River, Mass., former president National Association of Insurance Agents, and chairman of the New England national councillors group, will be chairman of the reception committee at the Boston convention of the National Association of Insurance Agents the week of Oct. 2. He is a native of Cheltenham, England. Mr. Cole is always accompanied to these conventions by his popular daughter, Gladys, who is well known as the "daughter of the regiment." Mr. Cole came to this country as a boy of 14 years with his parents and settled in Fall River where he has resided since that time. He entered the insurance business in 1887 and was with the same firm for 21 years before establishing his own agency. He was president of the Massachusetts association in 1922. Later he served as chairman of the New England advisory board. He was chosen as a member of the executive committee of the National association in 1928, and became its chairman in 1933. A year later he was chosen president. He was elected a director of the Excelsior of New York and is now chairman of its board. His son, Forrest, is in the agency with him at Fall River.

**American Equitable Assurance Company of New York**  
Organized 1918 Capital \$1,000,000.00

**Globe & Republic Insurance Company of America**  
Philadelphia, Pa. Capital \$1,000,000.00 Established 1862

**Knickerbocker Insurance Company of New York**  
Organized 1913 Capital \$1,000,000.00

**Merchants and Manufacturers Insurance Company of New York**  
Organized 1849 Capital \$1,000,000.00

**New York Fire Insurance Company**  
Incorporated 1832 Capital \$1,000,000.00

**Sussex Fire Insurance Company**  
Newark, N. J. Incorporated 1928 Capital \$1,000,000.00

**United States Fire Department**  
**Switzerland General Insurance Company, Ltd.**  
Zurich, Switzerland Established 1869



Losses paid exceed  
Two Hundred and Fifty Million Dollars

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We ran a contest and letters came in from the east, west, north and south—good letters that really bring in the money via Uncle Sam.

These letters were judged for their merit by Irving Williams, veteran insurance editor, and three of his associates. The top ranking letters are now published in a twenty-four page booklet and distributed among our agents.

Since this booklet is being so enthusiastically received by Millers National agents it occurs to us that the readers of THE NATIONAL UNDERWRITER might also like to have a copy, so . . .

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## NEWS OF FIELD MEN

### Buck to Be Initiate and Grand Nest Toastmaster

CINCINNATI — Advance registration for the grand nest meeting of the Blue Goose here Aug. 29-31, at Hotel Netherlands Plaza, indicates that an all-time attendance mark will be set, according to R. W. Hukill, Great American, most loyal grand gander. The Ohio



SAMUEL M. BUCK

pond has shaped up its arrangements and is prepared to play host to ganders from all parts of the United States and Canada. The program has been arranged to keep events moving smoothly and special attention has been given to the entertainment and comfort of visiting ganders, and their wives.

S. M. Buck, president Western Underwriters Association and vice-president Great American group, Chicago, will be toastmaster at the annual dinner-dance Aug. 31. He will also be initiated into the order, being the second president of the Western Underwriters Association to be inducted while holding that high office. The first was E. A. Henne, vice-president America Fore group, at the Oklahoma City meeting.

L. L. Law, London Assurance, Minneapolis, is the only candidate at the present time for grand keeper to succeed H. A. Reynolds, Home of New York, San Francisco, who was elected in a lively session last year.

G. J. Burrer, Travelers, 1313 Carew Tower, who is in charge of reservations, urges reservation within the next few days as the time before the meeting is becoming short.

### Open Wilmington Service Office

A service office has been opened by the Glens Falls group at Wilmington, Del., in charge of William G. Winkler as supervising special agent, under direction of Frank A. Roberts, manager Philadelphia branch office. The office is in 610 Industrial Trust building.

### Plan Kansas Poster Contest

The Kansas State Fire Prevention Association is planning a state-wide fire prevention poster contest for all universities and colleges of the state as part of the Fire Prevention Week program in Kansas. Entries will be displayed at the Jayhawk Hotel in Topeka during the annual convention of the Kansas Association of Insurance Agents Oct. 18-20, to acquaint the agents of the state with the work of the Fire Prevention Association. If approved by the membership, a second state-wide contest is proposed for high schools. The winning posters would be entered in the national contest sponsored each year by the National Fire Protection Association.

### F. H. Huntley Honored by His Insurance Friends

F. H. Huntley of Milwaukee, state agent of the Liverpool & London & Globe in Wisconsin, was honored by his field and other insurance friends in tribute to his 40th year with his organization. Mr. and Mrs. Huntley were honor guests at a dinner. Mr. Huntley received a number of floral tributes from insurance friends in Chicago and New York and there was a special gift for the occasion presented by those present. He started in the western department at Chicago in 1899 as a boy, working in the mail room. There was only one telephone in the office at that time in addition to that used by the executive. Every morning a call came through the central exchange office to see whether the telephone was working. He was moved along through a number of desks and in November, 1922, was transferred to the Wisconsin field where he has traveled ever since. He is held in high regard by the insurance people of Wisconsin.

### Name Indiana B. D. Chairmen

C. R. Watkins, New York Underwriters, president Indiana Fire Underwriters Association, has appointed A. B. Smillie, Travelers Fire, and R. L. Dubois, North British & Mercantile, co-chairmen of the Business Development committee. Regional supervisors are: 1, J. R. Hull, Union of Indiana; 2, R. O. Richards, Crum & Forster; 3, R. O. Hudler, Aetna Fire; 4, J. A. Bawden, Springfield F. & M.

### Peters in Louisiana Field

The London & Lancashire group has appointed S. G. Peters as special agent for Louisiana, succeeding the late Roy C. Wicker. Mr. Peters has been with the Louisiana Rating & Fire Prevention Bureau for a number of years, holding various positions, the most recent being assistant chief engineer. His office will be at 712 Union street, New Orleans, in the building recently purchased by L. M. Wise of the Ferd Marks Agency, which has represented the London & Lancashire for more than 50 years.

### N. D. Graves Succeeds R. E. Murphy

Norman D. Graves has been appointed special agent in Nebraska for Northwestern Fire & Marine, Twin City Fire and Citizens of New Jersey. Mr. Graves, who succeeds R. E. Murphy, resigned, has for the past 11 years been associated with A. J. Love & Co., general agents, in Omaha and prior to that was engaged in the local agency business in Iowa. He will make his headquarters at 922 Terminal building, Lincoln.

### Discuss By-Laws Changes

The New Jersey Field Club will hold a luncheon-meeting August 28, when proposed changes in the constitution and by-laws will be discussed.

The California Blue Goose, Los Angeles, will hold its first fall meeting Sept. 8 with R. B. Hood, in charge of the Los Angeles office of Federal Bureau of Investigation, as speaker.

Special Agent W. E. Bell of the London & Lancashire group, supervising western Massachusetts and Vermont, has moved his office from Springfield to 20 Trinity street, Hartford, the home office of the companies.

### Garrett Expands Into Texas

KANSAS CITY—The T. W. Garrett, Jr., General Agency has been named general agent in Texas for the Central States Fire. This gives the agency 14 middle and southwestern states. The Mid-America Casualty of Cedar Rapids, Ia., of which Mr. Garrett is board chairman, also is entered in Texas.



*I'm so Proud  
of Jim!*



*...he's really  
getting ahead  
thanks to  
**RELIABLE  
Cooperation***

"It's really amazing how alert and resourceful Reliable Fire Insurance Company Home Office officers are in assisting the agent to win new business.

"Moreover, Reliable state and special agents have been specially chosen for their long experience in field work and for their understanding of local agents' problems."

Unexcelled property insurance policies, helps with your agency problems, financial stability, and a reputation for prompt payment of just claims are valuable features available to RELIABLE AGENTS.

Write to RELIABLE today for complete information about a RELIABLE FIRE INSURANCE AGENCY. Address Wm. F. Kramer, President; E. J. Weiss, Secretary.

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**RELIABLE**  
Fire Insurance Co.  
of DAYTON, O.

Now in our 75th year

An independent Ohio Company with current surplus to policyholders of \$1,109,183.00



## COMPANIES

### Southern F. & M. Has Important Change

A. B. Courtney, widely known in southern fire circles, has been appointed underwriting manager of the Southern Fire & Marine of Atlanta to succeed A. R. Wilkerson, resigned. Mr. Courtney joined the organization of the Southern F. & M. when it commenced business several years ago. Prior to that time he was engaged in special agency work for the Continental and the Norwich Union. He has been special agent of the Southern, traveling out of the home office.

Eugene Gaillard, for several years with the Georgia Rating & Inspection Bureau, has been appointed special agent of the Southern Fire & Marine to fill the vacancy caused by Mr. Courtney's promotion. He is a native Georgian, a graduate of Tech high school and attended Emory University.

### President Schaefer Is Rounding Out 50 Years

President Otto E. Schaefer of the Westchester Fire will complete 50 years of service with the company in September. He secured a position in its head office as office boy when it was located at 27 Pine street, New York City. He received experience in the placing of excess lines, in the credit department, checking mercantile rating and then was an examiner. In 1907 he was appointed assistant secretary and in 1915, secretary. He became vice-president and treasurer in 1916, and president in 1919. He served as president of the New York Fire Insurance Exchange for two years, chairman of the finance committee of the New York Board for many years, and then was its president for two years. He is chairman of the advisory committee of the Reinsurance Clearing House, chairman of the status of agency committee of the Eastern Underwriters Association, and is chairman of the board of the Underwriters Salvage Company in New York. He has served on committees of the National Board.

The Westchester Fire has been in business for 102 years and Mr. Schaefer, therefore, has been affiliated with it about half of its corporate life. It is interesting to see that in 1889, when Mr. Schaefer started with the Westchester, its assets were \$1,521,706, surplus \$406,457, capital \$300,000. As of Dec. 31, 1938, the assets were \$17,427,672, net surplus \$9,174,888 and capital \$1,000,000.

### "American Agency System" Is Now Incorporated

LOS ANGELES — There is a new wrinkle on the horizon. Apparently it seems to be trying to combat part-time agencies, automobile dealers writing insurance, etc. The state has granted articles of incorporation to the "American Agency System." It has no capital stock. The incorporators are Lessel Venables, Dorothy Kline and Joseph Singer of 4806 1/2 South Vermont avenue, Los Angeles. They are soliciting memberships. In its prospectus it proposes to uphold at all times the American agency system. No one here seems to know much about the enterprise, or those backing it. The initiation fee is \$5 and the monthly dues \$1.

F. S. Gaines, mayor of Berkeley, Cal., addressed the San Francisco Insurance Women's League on "Peace Projects at the Exposition." Since the first of the year the league has added 124 members.

Gordon Nelson has been appointed manager of the life department of R. A. Rowan & Co., Los Angeles.

## AS SEEN FROM CHICAGO

### YOUNG MAKES SECOND ACE

For the second time in as many years to the very day, and at the same golf course, Norman A. Young, state agent for Rhode Island and Merchants of Rhode Island, made a hole-in-one. This time he stands to make some money on it, possibly \$250 and not less than \$100, for he was entered in the hole-in-one contest being conducted during August by the Chicago "Times."

The newspaper is offering a total of \$1,000 to the first ten contestants who make holes-in-one. If fewer do it, the money is divided among them. Mr. Young was the fourth, and the month was two-thirds gone (Aug. 20) when he did it.

Last Sunday he was out at the St. Charles, Ill., Country Club with George Cassell of W. A. Alexander & Co., Chicago, who is the son of J. Lewis Cassell, state agent for London Assurance. The "Times" contest was being staged at the 18th hole.

Mr. Young took his allotted five balls, and on the second shot pitched his ball 135 yards to the green and it trickled into the cup. To do this he had to shoot over a water hazard which extended

from the tee to the green. It was at this same golf course on Aug. 20, 1938, that he made a hole-in-one on the 130-yard 15th hole. Mr. Young is a 10 handicap man.

### C. F. THOMAS ON COMMITTEE

In reporting the scholarships that have been awarded for the fire protection engineering course at Armour Institute of Technology in Chicago, the name of C. F. Thomas was omitted from the list of members of the scholarship committee. The other members, who were named, are R. M. Beckwith, Western Actuarial Bureau, chairman; A. R. Small, president Underwriters Laboratories; F. C. Schad, secretary Western Insurance Bureau, and W. R. Townley, Underwriters Salvage Company.

### AWAIT CHICAGO PROGRAM

Nothing has been heard recently over the attempt of the Illinois department to reduce the Chicago acquisition cost. A report was made by the Chicago Board's Committee of ten, the major provisions seemingly at first meeting with Director Palmer's approbation, but later receiving his disapproval. He also

turned down the program proposed by the Chicago Insurance Agents Association. The move now apparently is up to the department. Director Palmer sent out a questionnaire to be answered by Class 1 members, companies and brokers.

This mass of data has been mobilized and analyzed. It is presumed the department may base any further action on deductions made from these answers. Director Palmer was in Chicago this week but had no pronouncement to make.

### SCHIFF, TERHUNE & CO. MOVES

The Chicago office of Schiff, Terhune & Co. has been moved from A-730 Insurance Exchange building to larger space at 409 McKinlock building in 209 West Jackson. H. G. Flieth is Chicago resident manager. The main offices are in New York.

### WILL INVITE JUNIOR OFFICERS

The officers of the Western Underwriters Association will urge members at the semi-annual meeting at White Sulphur Springs, W. Va., Sept. 18-20, to have their junior officers in attendance as this will be the 60th anniversary of the establishment of this notable institution. It has had a long, eventful and useful life. It has in many ways been

## The Facilities For PERFORMANCE

The men, the methods, and the experience to solve successfully any insurance problem . . . as is evidenced by the satisfactory service now rendered to America's largest organizations.



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MARINE INSURANCE CO.

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80 John Street

San Francisco  
200 Bush Street



# NATIONAL UNION

FIRE INSURANCE  
COMPANY  
PITTSBURGH  
PA.



AS  
A  
GOOD AGENCY  
COMPANY



the backbone of the fire insurance business in the central west insofar as promoting stability and uniformity is concerned. The officials feel that the junior officers should realize the importance of the organization, should know something of its early history, background, motives and ideals.

#### FEWER NUMBER OF PRODUCERS

Since the Illinois licensing law was passed affecting the brokers, there are far fewer people entering business in that way. Those that take the examination now are serious about it and are prepared sufficiently to pass the examination with few exceptions. Usually those that state they will be present at the examination do attend. Frequently half of those seeking an agency license do not attend the examination. The licensing law has served to cut down the number of people entering the business, both brokers and agents.

#### FEWER DELINQUENT AGENTS

Companies operating in the central west are convinced that there were fewer delinquent agents last year than heretofore. Many companies seem to have been successful in getting rid of chronic delinquent representatives. Where an agent is confronted with an emergency and his record has been excellent theretofore companies naturally will be very lenient with him. Collections for the most part at the end of the year were reported satisfactory. Companies find that local agents are getting on a sounder business basis, are extending only reasonable credit and are more exacting in their collections.

L. P. Warren of Associated Agencies, Chicago, has gone on vacation to Leland, Mich., to join his family who have been there since June.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Aug. 21, 1939

	Par	Div.	Bid	Asked
Aetna Cas. ....	10	4.00*	110	113
Aetna Fire ....	10	1.60	44 1/2	46 1/2
Aetna Life ....	10	1.35*	29	31
Agricultural ....	25	3.25*	76	80
Amer. Alliance ..	10	1.20*	21 1/2	23
Amer. Equitable ..	5	1.20	20	22
Amer. Home ....	10	...	8	9
Amer. (N. J.) ...	3.50	...	13 1/2	14 1/2
Amer. Surety ...	25	2.50	51	53
Automobile ....	10	1.30*	34	36
Balt. Amer. ....	2.50	3.00*	6	7
Bankers & Ship ..	25	5.00	94	98
Boston ....	100	21.00	625	645
Camden Fire ....	5	1.00	20	21 1/2
Carolina ....	10	1.30	26	28
Contl. Cas. ....	5	1.20	33	35
Contl., N. Y. ...	2.50	1.80*	33 1/2	35
Crum & Forster ..	...	...	...	...
Com. ....	10	1.00	27	29
Employers Reins. ..	10	1.60	47	51
Fidelity-Phen. ...	2.50	1.80*	34	36
Fire Assn. ....	10	2.50	65	67
Firemen's (N. J.) ..	5	1.40	9	10
Franklin ....	5	1.40*	28	30
Gen. Reinsur. ...	5	2.00	41	43
Glens Falls ....	5	1.60	38	40
Globe & Repub. ...	5	.50	10 3/4	11 1/2
Gt. Amer. Fire ...	5	1.20*	26 1/2	28
Gt. Amer. Ind. ...	1	.20	10	11
Halifax Ins. ....	10	1.00**	21	23
Hanover Fire ....	10	1.20	26 1/2	28
Hartford Fire ...	10	2.00	77	79
Hartford St. Bldg. ..	10	1.60	57	59
Home Fire Sec. ...	10	...	1 1/4	2
Home Ins. (N. Y.) ..	5	1.60*	31	33
Home Indem. ....	3	...	11	13
Ins. Co. of N. A. ..	10	2.50*	67	69
Lincoln Fire ...	5	...	2 1/2	3
Maryland Cas. ...	1	...	2	1 1/2
Mass. Bonding ...	12.50	3.50	56	58
Merch. Com. (N. Y.) ..	5	1.70*	40	44
Natl. Cas. ....	10	1.20*	27	29
Natl. Fire ....	10	2.00	60	61
Natl. Liberty ...	2	.40*	7 1/2	8 1/2
New Am. Cas. ...	2	.65	14	15
New Hampshire ...	10	1.80	45	47
Northeastern of ..	...	...	...	...
Hartford ....	5	...	4	5
Northern (N. Y.) ..	12.50	5.00*	100	105
North River ....	2.50	1.20*	25	27
N. W. Natl. ....	25	5.75*	125	130
Phoenix, Conn. ...	10	2.50*	77	79
Preferred Accl. ...	5	1.00*	17	18 1/2
Prov. Wash. ....	10	1.40*	33	35
Republic, Tex. ...	10	1.20	25	27
St. Paul F. & M. ...	62.50	8.00	233	237
Security, Conn. ...	10	1.40	33	35
Sprgfd. F. & M. ...	25	4.75*	123	128
Travelers ....	100	16.00	440	455
U. S. Fire ....	4	2.00	51	53
U. S. F. & G. ...	2	1.00	20	22
Westchester Fire ..	2.50	1.60*	32	34

\*Includes extra. \*\*Canadian funds.

## VIEWED FROM NEW YORK

By GEORGE A. WATSON

#### GAIN IN ATTENDANCE

A marked increase in the number of visitors at the Aetna Life companies' New York fair exhibit has been recorded during the past 30 days. Figures for the latter half of July and the first two weeks of August show an attendance of more than 200,000, as compared with approximately 150,000 during the previous 30-day period.

Officials attribute the gain to the favorable comments of past visitors as well as an active campaign to publicize the exhibit by more than 25,000 Aetna Life representatives throughout the country.

#### INCURRED LOSSES INCREASE

The New York Board finds that the incurred fire losses in its territory for the first seven months amounted to \$2,386,893, as compared with \$1,901,158 during the similar period of 1938. This was an increase of 25.54 percent. There were 1,337 incurred losses as compared with 1,064 last year. There were 186 incurred losses in July, amounting to \$173,446, as compared with 146 amounting to \$164,683 last year.

#### SEVEN MONTHS LOSS RECORD

The fire loss table showing the losses by months in the United States for the first seven months as reported by the National Board is as follows:

	1937	1938	1939
Jan.	\$ 25,069,895	\$ 27,676,337	\$ 27,615,316
Feb.	28,654,962	26,472,626	29,303,520
Mar.	29,319,029	29,050,968	30,682,168
Apr.	26,663,854	25,616,112	27,061,522
May	21,437,739	22,917,577	27,031,700
June	19,524,765	19,473,617	24,190,700
July	19,812,485	20,434,688	22,468,304

Tot. 7 mos. \$170,482,729 \$171,641,925 \$188,353,230

The New York "Journal of Commerce" reports 2,615 fires in July, each of which caused damage of \$10,000 or more. The aggregate was \$10,372,150. The more important ones were Princess Anne, Md., school, \$125,000; East Weymouth, Mass., leather plant, \$400,000; Dover, N. H., coal plant and six dwellings, \$170,000; Atlantic City, N. J., row of unoccupied one-story concession buildings on boardwalk, \$75,000; Locust Valley, N. Y., dwelling, \$100,000; South Fallsburg, N. Y., hotel, \$100,000; Pittsburgh, school, \$80,000; Wilkes-Barre, lumber yard, \$150,000; Providence, R. I., coal plant, \$75,000; Montpelier, Vt., United and National Granite buildings, \$80,000; North Little Rock, Ark., store and apartment building, \$100,000; Sylva, Ga., cotton warehouse, \$112,450; Arcadia, La., cotton warehouse, \$300,000; Springfield, Ill., feed mill, \$100,000; Des Moines, Ia., bakery, \$150,000; Detroit, business building, \$175,000; Aurora, Mo., mill, \$200,000; Valley, Neb., sheep and cattle barns, \$80,000; Duke, Okla., school, \$80,000; Racine, Wis., business block, \$90,000; Portella, Cal., lumber yard, \$175,000; Spokane, grocery warehouse, \$100,000; East Coulee, Alta., \$75,000.

#### LYNCH MADE VICE-PRESIDENT

Bert J. Lynch has been named vice-president of Cosgrove & Co., in charge of the New York office with headquarters at 1501 Broadway. He formerly was assistant to Willard Keith in the Los Angeles office.

#### LONDON LLOYDS DEPOSIT

Underwriters are wondering whether the reputed deposit of £8,000,000 by London Lloyds with one of the leading banks of New York City means that the individual underwriters plan compliance with the laws of the states and will make statutory deposits where these are required and thereby legitimately operate here. One theory advanced is that the money is put up to satisfy American companies, fire and casualty, having reinsurance or excess treaties

with London Lloyds. Another idea is that the deposit may have a reassuring influence on financial institutions holding bankers' blanket bonds with Lloyds, the difficulty in collecting in the event of a general European war not being overlooked by assured.

#### EDUCATIONAL FACILITIES

Many facilities are available for those desiring to become thoroughly versed in the fundamentals of any division of underwriting, admirable courses for each branch of the business being offered by the Insurance Institute of America, Insurance Society of New York and like societies of other cities, not to mention the recently incorporated Hartford College of Insurance at Hartford. Special schools for the training of ambitious young men, determined to make insurance their life work, have long been maintained by the Aetna Life, Travelers and other prominent fire, life and casualty offices in different centers.

Under the auspices of the Insurance Brokers' Association of New York City, there was launched some weeks ago a special course for training employees of broker firms in effective methods for business solicitation. The same organization now intends, through the Marquand school of the Brooklyn Y. M. C. A., to offer a course in schedule rating. Lecturers will be men of eminence in rating ranks and qualified to impart the knowledge they possess to others.

While the larger brokerage concerns of the city employ their own rating engineers, medium sized and smaller offices cannot afford such talent, and hence are frequently hampered in competing for business through their inability intelligently to analyze properties and to recommend means for the modification or elimination of detected hazards. To overcome this handicap so far as smaller brokerage houses are concerned, as well as to limit the drain on rating boards by more important brokers bidding for the services of board engineers, is the primary purpose of the special course.

Some company executives have been impressed with the opportunity possessed by home office examiners to point out to agents the desirability of taking on additional lines to give more complete coverage to the business of assured than the indemnity called for in the application provides. In other words, the examiner as well as the employee in the brokerage office should be constantly on the alert to discover avenues for new business or increasing coverage already carried.

The Marquand course runs from Sept. 18 to Jan. 14. Instructors include W. W. Ellis, executive secretary National Association of Insurance Brokers; A. C. Goerlich, director of education Insurance Society of New York; A. F. Greer, secretary U. S. branch Commercial Union group; L. E. Mackall, vice-president National Surety; B. J. McKenna, Travelers; P. G. Palmer, Globe Indemnity; C. A. Sanford, Aero Insurance Underwriters; H. C. Thorn, manager marine department North America; C. S. Toole, Travelers Fire; J. F. Lawler, P. J. Molner and Carl Typerman of the New York department.

David Hunkley, rating expert of the Eastern Underwriters Association, is spending his vacation in Alaska.

J. R. Cooney, president of the Firemen's of Newark group, and Mrs. Cooney were hosts at a gathering at their farm near Blairstown, N. J. More than 100 members of the staffs of the affiliated offices and their wives attended. W. J. Schmidt, vice-president, was master of ceremonies.

The N R O G Insurance Agency in the Merchandise Mart, Chicago, has been commissioned as agent of the Associated Fire & Marine.



## Commission Plan Is Now Adopted in Arkansas

(CONTINUED FROM PAGE 2)

non-recording basis, and in the event of changes by sale, death, retirement or otherwise, of present non-recording agents, the successors shall be appointed only on a recording agency basis.

The Arkansas Association of Insurance Agents takes justifiable pride in the successful conclusion of these negotiations, feeling that the local agents will receive material benefits from the results. Uniform commissions paid to all agents by practically all fire companies creates a most happy condition and should have a very beneficial effect in Arkansas, particularly in the matter of multiplicity of agencies.

### Complexion of Committees

W. R. McCain, president of the Aetna Fire, is chairman of the supervisors committee, other members being the Springfield F. & M., usually represented by Manager J. C. Harding or Assistant Manager E. G. Frazier of the western department at Chicago; Commercial Union by D. E. Monroe, assistant manager; the Home by Secretary Leonard Peterson; Great American by Secretary John C. Evans; National of Hartford by Vice-president C. L. Miller; Phoenix of Hartford by Vice-president H. P. Whitman; Firemen's by Executive Vice-president W. B. Rearden; Coates & Raines general agency of Little Rock by E. E. Raines, the president. The field men of Arkansas and the general agents have a local state advisory committee headed by M. R. Smith, general agent of the Firemen's. The Arkansas Association of Insurance Agents has its conference committee. These various committees meet separately and then jointly and work in harmony for the best interests of the underwriting practices in the state. Arkansas can be counted in the very first ranks as a cooperative state and is a good example of what can be accomplished through harmonious unity.

### Insurer's Reliance on "Repair shop" Exclusion Fails

There are some cases arising in which the main issue is the construction of the omnibus clause in the automobile liability policy. The New Jersey supreme court at Passaic county, N. J., decided the case of Bosshard, et. al., vs. Commercial Casualty. This provision gave added coverage to any person driving the automobile of the assured with his permission or with the permission of any adult member of his family with certain exceptions. Persons or concerns or their employees operating an automobile repair shop were excluded. In the original suit, action was brought against McNamee, the driver of the car, and Rooney, the owner. A non-suit was granted the owner on the theory that McNamee was not the agent, servant or employee. A verdict was brought against McNamee, execution was levied and returned unsatisfied. Suit was then brought against the insurance company.

### Contention of Plaintiffs

The plaintiffs held that they were entitled to recover under the omnibus clause while the Commercial Casualty contended that the exclusion clause barred the action. The question at issue was: Was McNamee, who had been an itinerant automobile mechanic whose last repair job was done in the summer of 1936 while the accident occurred in April, 1937, and who at the time of the accident was taking the policyholder's car to his home for the purpose of grinding the valves and removing the carbon the following day, excluded as an additional assured under the policy provision? The court held that the policy covered McNamee unless he was "operating" an automobile repair shop. The burden of proving by the fair preponderance of the evidence that McNamee did operate an automobile repair shop was definitely on the company. The standard dictionaries define "shop" as a

place, a building or an apartment, a small establishment or a room or a factory or manufacturing establishment.

McNamee had no garage at his home and told Rooney at the time he took the car that he would leave it in front of the house. McNamee's last job prior to the time of the accident was as a chauffeur. Following the New Jersey policy of extreme liberality in the interpretation of insurance contracts against the insurer and in favor of the policyholder, the court found that McNamee at the time of the accident was driving the policyholder's car with his permission and at the time of the accident McNamee was not operating an automobile repair shop. Therefore, the company was liable under the policy and the plaintiff was permitted to recover.

Another omnibus clause case was Boback vs. Indemnity Company of North America decided by the New Jersey supreme court. The defendant was sued for injuries resulting from an automobile accident on the ground that the omnibus clause of the policy issued by the insurance company to the automobile owner covered the liability of the driver to the plaintiff. The driver was not covered by the policy issued by the defendant insurer to the car owner because at the time of the accident the driver did not have the owner's permission to use the car.

### Two Musical Instrument Covers Are Available

Two types of musical instrument floaters are available for agents who wish to give some attention to this type of coverage, the broad form which covers against practically all risks, and the limited form which covers against the hazards of fire, lightning, cyclone, tornado, flood, theft and accident to conveyances and which contains a major exclusion of property in an automobile while left unattended unless in the custody of a common carrier.

No rare violin should be without this coverage. Today accordions are the most widely sold popular musical instrument. Their value represents a substantial investment. Many musical stores refuse to sell on a time payment plan unless insurance is taken out and their interest mentioned in the policy.

Not covered are pianos, pipe organs, phonographs, radios, or other household instruments.

Coverage for orchestras, bands, or similar groups, school districts, American Legion posts, lodges, municipalities and the like, whether or not the instruments are owned by individuals, should be submitted for special rating as well as any risk involving values in excess of \$5,000.

With this in view, agents should review their prospect files. Summer is a good time to sell such policies because competition is less intensive.

### Call Vancouver Hazard Bad

VANCOUVER, B. C. — This city, in the opinion of J. L. Noble, fire branch manager, British Columbia Underwriters, is one of the greatest conflagration risks on the North American continent. He made this statement in giving evidence before a provincial commission which was inquiring into the alleged fire hazard presented by gasoline and oil storage facilities in Vancouver downtown areas. He explained he referred to the general fire risk and not the special gasoline and oil hazard. Another witness said that the national harbor board had no facilities for fire fighting in the harbor, and urged securing a fire boat.

**Pave the Way**—An accident policy sale is the easiest way to get acquainted with your prospect and pave the way for other lines. For suggestions that sell read *The Accident & Health Review*, A-1946 Insurance Exchange Chicago. Sample 10c.

### Handles One Account in Cleveland for 57 Years

Thomas C. Goss, vice-president Brooks & Stafford, Cleveland, has something of a record for continuous servicing of an account. For 57 years he has personally handled the insurance on a Cleveland manufacturing enterprise, dealing with three generations during that period.

In 1881 he left his downstate home and went to Cleveland to attend business school. While there he met a group of brothers and formed a lasting friendship. In 1882 Mr. Goss joined a local agency. His friends introduced him to their father who was the owner of a small manufacturing plant and two dwellings. The father placed his insurance business with Mr. Goss.

That business with its plant facilities gradually grew, until today it represents a sizable risk. Throughout the period Mr. Goss has handled the insurance, of late dealing largely with the third generation of the family of owners.

Mr. Goss is one of Cleveland's oldest policy-writing agents in point of service. He has been with his present firm and its predecessors for over 52 years, joining the late O. M. Stafford in 1887. He has been a trustee of the Cleveland Board for over 30 years. He was among those recently honored by the Cleveland Chamber of Commerce for 40 years or more of service with the same firm.

### Fine Arts Policy Is Good, Profitable Lead Line

The importance of lead policies in the marine line should not be overlooked by agents who are anxious to secure an "in" on sizable or potentially large accounts. There are types which protect a prospect's hobby, and these because of sentiment attached to a hobby, are fairly easy to sell.

One such type is the fine arts policy which covers paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, porcelains, antique furniture, rare books, manuscripts, valuable rugs, antique silver and other articles of artistic merit or historical value.

The policy is a highly desirable one, both from the standpoint of the assured and the company, and the type of prospects that can have hobbies covered by a fine arts policy are usually the wealthy or moderately well-to-do.

Cover is all-risk of loss or damage with the customary exclusions relating to wear and tear, war, etc., and breakage.

The contract is written subject to a schedule with a separate amount applicable to each item, which is agreed to be the value. Two or more locations, additional or changed locations, are subject to rating and premium adjustments.

The policy can be sold not only to large collectors but to many individuals who own family portraits, antique clocks, heirlooms, etc., which can be protected both in the home and in transit. Special risks of \$100,000 and over are individually rated.

### New Builders Risk Form in Ohio

COLUMBUS—The new "completed value" builders risk form has been introduced in Ohio. This provides for carrying insurance on the basis of the value of the building when completed, with no monthly reports. Rate is 55 percent of the 90 percent coinsurance building rate.

The new special consequential damage endorsement for use in connection with extended coverage has also been authorized here. It covers loss due to change in temperature or interruption of operations due to riot, strike or sit down strike, which hazard is specifically excluded by the extended coverage endorsement, even though the policy otherwise covers consequential damage. Special rates must be published for each risk. Both these forms have been previously introduced in other middle western states. The "completed value" builders risk form originated in the east last fall and is gradually spreading over the country.

### Loss Payable Clause

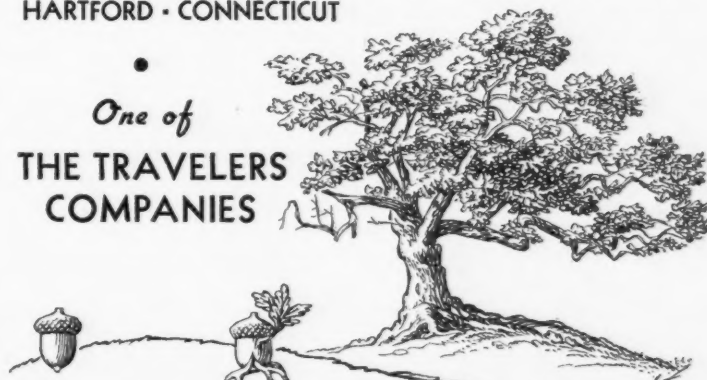
A loss payable clause does not create an independent contract of insurance for separate protection and benefit of the mortgagee as in a union or standard mortgage clause, but merely designates the mortgagee as an appointee of the fund with rights dependent upon and no greater than those of the insured, according to the Oklahoma supreme court in *Aetna Fire vs. O. E. Woods Lumber Company*. Judgment was rendered for Aetna Fire. In an action by a mortgagee to recover on a loss payable clause, the action may be defeated by any default on the part of the mortgagor and the 12 month statute of limitations is the applicable statute.

The **Retail Lumbermen's Mutual** of Milwaukee has been licensed in Michigan.

The **Pacific Indemnity** has declared a quarterly dividend of 40 cents a share, and an extra of 10 cents a share, payable Oct. 1 to stockholders of record Sept. 15.

## THE CHARTER OAK FIRE INSURANCE COMPANY HARTFORD • CONNECTICUT

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## EDITORIAL COMMENT

### Illustration of Constructive Cooperation

WE HAVE a very excellent illustration in Arkansas of results that come from a happy and harmonious cooperation between agents, field men and company executives. The ARKANSAS ASSOCIATION OF INSURANCE AGENTS at its two recent conventions adopted a resolution declaring that uniformity and standardization of commissions on various classes of business was something devoutly to be desired. It was felt that a uniform grade of commissions would do much to stabilize the business, prevent unrestricted competition and discrimination.

The agents, the officers and conference committee dealt with the company supervisory committee and the local advisory committee, the latter consisting of general agents and field men. In addition to the commission scale on regular lines an agreement was reached as to inland marine business. Furthermore, the conferees were able to take up practices that had caused more or less disorder in many states. For instance, countersigning or brokerage com-

mission has been a bone of contention and yet in Arkansas evidently a solution was found. Another point was the operation of general agencies as there are a number in Arkansas and it was agreed that general agents and field men should not be permitted to engage in local business. Other points agreed on were finance automobile accounts and non-recording agents. The companies agree not to make any further appointments of non-recording agents in Arkansas.

Altogether this is a most magnificent evidence of what can be accomplished when big men get together, confer sincerely, frankly and conscientiously. We see in Arkansas, flowering in full bloom that alliterative advice of the late JAMES L. CASE of Norwich, Conn., given in his talk when he was president of the NATIONAL ASSOCIATION OF INSURANCE AGENTS, urging everywhere, "Conference, Cooperation and Conciliation." The Arkansas method can well be emulated elsewhere.

### Great Victory for Forces United

A MOST heartening victory for insurance came this week when SECRETARY OF AGRICULTURE WALLACE rejected the scheme, which his subordinates had conceived and upon which they had set their hearts, and decided to continue the insuring with private companies, through local agents, of corn and rye encumbered by Commodity Credit Corporation loans. The business should derive much inspiration from this victory. The plan of forming what would have been, in effect, a federal insurance company to insure the grain against damage or loss, with the farmers paying a premium of one-fifth cent per bushel, was announced by the CCC as finished business. The young men in the department of agriculture conceived the plan, conferred with no one and announced that it would become effective. The premiums on this business to private companies had been running in the neighborhood of \$1,500,000 a year. It was a source of revenue to many agents in the rural areas and the organization of such a federal insurance company was alarming, since it bore the danger of contagion.

The executive committee of the NATIONAL ASSOCIATION OF INSURANCE AGENTS instantly perceived the menace and decided to make a supreme effort to overturn the plan even though the odds seemed hopelessly against the insurance interests. PAUL L. HAID, president of the INSURANCE EXECUTIVES ASSOCIATION, gave the signal to the companies to join hands with

the agents and strive to the utmost to get a reversal of the bureaucrat's program.

The representatives of the companies and of the agents went to work determinedly against heavy odds, handled their case in magnificent style, were figuratively kicked out the front door, kicked out the back door by those who were holding fast to their cherished self insurance scheme, and then climbed back through the windows for a final showdown when they induced Mr. Wallace to retain the private insurance arrangement.

For a period of 10 days or more the insurance representatives held conferences with various members of the agricultural department. At the very first, the government representatives made the statement that the self insurance plan was finished business, that the members of the department were committed to the cooperative principle and that the insurance interests could state their case if they desired. In that chilling atmosphere, the insurance people, agents and company representatives, talked for days, knocking down the arguments of the authors of the plan, only to be met with the response, in effect, "It doesn't make any difference, the answer is still No."

The final victory is a dramatic illustration of the effectiveness of determined company and agency cooperation in matters affecting the common welfare. It is a victory that should further cement the relations between agents and companies that

have been improving so markedly in the past few years. It is the kind of a victory that brings a glow to each side and induces a real sense of affection one for the other. This will go down as one of the notable achievements of the NATIONAL ASSOCIATION OF INSURANCE AGENTS for all time. It is something tangible. It should cause a sharp increase in membership of the National association, as it is a demonstration of how the organization functions for the benefit of all in the business, whether supporters of the undertaking or not.

From the outset the insurance interests were willing to offer a concession insofar as premium rate was concerned, but the authors of the self insurance plan waved aside the cost element as not important and they would not even consent to negotiate in the matter of price. The fact that the companies will now file rates of 40 cents per hundred dollars of valuation instead of the former rate of 75 cents in no way detracts from the importance of the victory. The companies were willing to make such a concession from the outset.

Those representatives of the agents association who remained in WASHINGTON throughout the many days when the matter was under discussion are WALTER H. BENNETT, general counsel; SIDNEY O. SMITH of GAINESVILLE, GA., chairman of the executive committee; R. W. FORSHAY of ANITA, IA., member of the executive committee, and chairman of the rural agents' commit-

tee, and WILLIAM T. REED, JR., assistant counsel in charge of the WASHINGTON office.

L. G. WARDER, associate western manager of HARTFORD FIRE and president of the FARM UNDERWRITERS ASSOCIATION, was in Washington constantly and at his side was E. H. BORN, assistant secretary of WESTERN UNDERWRITERS ASSOCIATION, and secretary FARM ASSOCIATION. A number of other company executives participated in these conferences on various occasions. HAROLD V. SMITH, president HOME OF NEW YORK, attended for two or three days. JOHN LEDBETTER of HARTFORD FIRE, was there for a time. R. S. BUDDY, vice-president GLENS FALLS, and FELIX HARGRETT, WASHINGTON manager of HOME, took a hand.

The insurance interests are grateful to SENATOR DANAHER of CONNECTICUT, for succinctly stating the issue, in a debate on the question on Aug. 4. "It seems to me," he said, "that what we are doing is very definitely using government funds, through a government agency, once more to compete with private business. Hitherto, that business has been written by agents all over the UNITED STATES. . . . Their business is being cut into in that fashion."

The victory is one that can be celebrated to the utmost at the forthcoming BOSTON convention of the National association. It should make that meeting one of the most spirited that has ever been held.

## PERSONAL SIDE OF THE BUSINESS

**J. C. Hiestand**, director and secretary of the Ohio Farmers, LeRoy, O., and also director of the Boy Scout band, has been appointed division commodore of the northern division of Region 4 Sea Scouts, Boy Scouts of America. This appointment was made by Regional Scout Executive C. E. Shriner of Cincinnati.

**George C. H. Smith** of the James M. Buffinton agency in Fall River, Mass., has been seriously ill for the last three weeks. He is now improving and has been removed from the hospital to his home. Mr. Smith is a member of the executive committee of the Massachusetts Association of Insurance Agents. A. T. Buffinton of this agency is president of the Massachusetts Insurance Federation.

Resident Vice-President **W. K. Maxwell**, in charge of the western department of the Hanover Fire, and Assistant Secretary **Fred C. Bertiaux**, accompanied by their wives, leave Thursday of this week on an automobile trip, going first to New York where they will visit their home office. From there they will travel to Boston, up through New England and Canada and return through Ontario.

**Irwin Mesher** of Seattle, executive secretary of the Washington Insurance Agents League, will soon become a benedict. Mr. Mesher has been regarded for some time as one of the most desirable unattached young men in insurance work but for some time he did not yield

to Cupid's song. Now he will soon be a benedict, the young lady being Miss Gertrude Chess of Vancouver, B. C., daughter of Mr. and Mrs. I. W. Chess of that city. Mr. Mesher has made a wonderful success in his secretarial work and before taking that up was engaged entirely in insurance newspaper activities. He is the editor of the bulletin of the Washington Insurance League.

**George J. Henry**, San Antonio, Tex., special agent Royal-Liverpool group, and Miss Louise Le Frank of San Antonio were married there.

**James Simpson**, oldest active insurance man in Boston, observed his 88th birthday Aug. 22. He entered the business on the day President Lincoln was shot and for 74 years has been an active figure in Boston insurance circles. For many years he was secretary of the old Mercantile Fire, and formed the James Simpson Co. agency of which he still is the head. He makes the 40-mile ride to and from his office on Milk street regularly five days a week.

**Dudley F. Giberson**, head of the Giberson Insurance Agency of Alton, Ill., and one of the leaders in the Illinois Association of Insurance Agents, will be married Aug. 29, to Miss Barbara E. Smith, daughter of Mr. and Mrs. Melbourne Smith of Tryon, N. C., who formerly resided at Short Hills, N. J. The wedding will take place in the Church of the Holy Cross at Tryon and then there will follow a wedding supper



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Blvd., CHICAGO. Telephone Wabash 2704

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at Lake Lanier Inn. Mr. Giberson is a son of the late J. A. Giberson, who was one of the prime factors in the Illinois Association of Insurance Agents and for many years was chairman of the finance committee of the National association. Dudley Giberson attended the University of Pennsylvania and entered the Giberson agency taking charge on the death of his father.

Miss Smith is a member of the faculty of Monticello College. She is a graduate of Wellesley.

Russell Steele, special agent America Fore, well known in New Jersey insurance circles, is confined to a sanatorium at White Haven, Pa., and probably will be there for the next two weeks.

## DEATHS

W. K. Garred, 40, with the Northwestern Mutual Fire in Seattle for 15 years in important capacities, was drowned while swimming in the Pacific.

John R. Harkins, head of the John R. Harkins, Son & Co. local agency at Louisville, was killed in an automobile accident Sunday night. The agency was established some 32 years ago. Mr. Harkins' son, Thomas H., was associated with him in the agency. In addition to its fire companies it is general agent for the Great American Indemnity. Mr. Harkins was born in St. Louis 68 years ago. He entered the insurance business about 1889.

Winston S. Fontaine, 69, who was until recently special agent for Firemen's, connected with the southwestern department in Dallas, died after an illness of about a year and a half. A native of Fredericksburg, Va., he went to Texas in the cotton seed oil business. In 1920 he went with Fidelity Union Fire as special agent, traveling first in Oklahoma and then being transferred to San Antonio. When Firemen's purchased Fidelity Union, Mr. Fontaine continued as special agent. Early in 1938 his health began to fail and he was transferred to Dallas where he was assigned to office duties. He underwent hospital treatment in the east in 1938 and again in June of this year.

C. T. Swimm, a partner in the New York brokerage firm of Benedict & Benedict, died at his summer home at Northport, L. I. His first insurance experience was with Home of New York. He advanced until he became manager of its railroad insurance department. In 1898 he went with Benedict & Benedict. He became a partner in 1912 and was an active senior partner until a few years ago when he became less active.

Cecilia A. Barrows, proprietor of the R. S. Barrows & Co. agency, Jamaica Plain, Mass., since the death of her father some 25 years ago, died following a brief illness.

Nathan Werner, 54, vice-president of the recently formed Narragansett Insurance Company, died at his home in Providence, R. I.

I. C. Austin, secretary-treasurer of the Farmers Mutual Fire of Green county, N. Y., died at Catskill, N. Y.

C. V. Faulkner, 71, head of C. V. Faulkner Company, Erie, Pa., agency, died there following a cerebral hemorrhage.

## Auto Fires Responsible for 11.53 Percent of Alarms

Automobile fires are responsible for 11.53 percent of all legitimate alarms, it was revealed by Fred Shepperd, manager International Association of Fire Chiefs, in making public the results of a survey among 426 cities in all population groups. This percentage is approximately correct in almost all communities in the country.

Of a total of 229,598 nonfalse alarms, 27,249 car fire claims were reported. Eight cities having a population of more than 500,000 reported a percentage of 13.5 percent. Next highest was the 30,000 to 100,000 population group, with a percentage of 11.9 percent. All other population groups were under the average.

Mr. Shepperd said: "The percentage of 11.53 for auto fires justifies the regula-

## Veteran Dead



CHARLES L. TYNER

Charles L. Tyner, 75, who retired four years ago as chairman of the board of the Home and its affiliates, died last week at the Orange Memorial Hospital, Orange, N. J. He had been in failing health for a year. He was born in Galway, Ireland, July 1, 1864. He came to the United States when he was 18 years of age and worked for the Erie Railroad. He started with the Home in February, 1889, taking a position in the newly organized postal department. He was transferred to various departments and in 1898 was put in charge of correspondence in the western department, and in June, 1903, he became its chief.

During the next three years he spent considerable time in the field, becoming familiar with underwriting conditions and getting acquainted with agents. In 1906, he was chosen secretary and in 1912, vice-president. He became a director in 1920, and on Nov. 13, 1925, he was made senior vice-president at the same time that the late F. C. Buswell was chosen president. Three weeks later, following the tragic death of Mr. Buswell in an automobile accident Mr. Tyner was elected president. On April 15, 1929, he became chairman of the board for all the companies, Wilfred Kurth being president. He was retired Jan. 1, 1935, but continued as a director of the Home, Franklin, City of New York until his death. He maintained an office in the Home building. He was a director of the Corn Exchange Bank.

Mr. Tyner was not active in the various outside activities and organizations largely because his duties confined him to the office, being largely of an administrative and financial nature.

tions of the Interstate Commerce Commission and of various state departments that require motor vehicles of some classes to be equipped with fire extinguishers. Car fires are dangerous not only in themselves, but they increase the number of times fire apparatus must interrupt traffic to the danger of other motor vehicles. In the great majority of cases, drivers could extinguish car fires themselves if a fire extinguisher were carried on every car."

## Potter on the Wing

Wellington Potter, well known local agent of Rochester, N. Y., who will be the front line speaker at the annual meeting of the Minnesota Association of Insurance Agents at Brainerd, Sept. 8-9, has also been engaged to speak before the Missouri association at its meeting at Excelsior Springs, Mo., Oct. 23-24.

The 1940 annual meeting of the National Fire Protection Association will be held in Atlantic City, May 8-11.

## Public Adjuster Held Competent to Appraise

The New Jersey chancery court has decided a case of importance to insurance companies and policyholders in American Union et al. vs. Stull Bros. Company. The issue was whether a person engaged in the business of adjusting losses with insurance companies is a "competent and disinterested" person within the meaning of the standard policy provisions that "in the event of disagreement as to the amount of loss the same shall, as above provided, be ascertained by two competent disinterested appraisers, the assured and the company each selecting one."

## Public Adjuster Appointed

The suit was brought by several companies to have an appraiser appointed by the policyholder declared to be ineligible for that position. A fire had occurred in the Stull building, damaging it and the machinery. The policy contained the standard provision about appraisal. The complainant named an appraiser and the defendant appointed the individual whose right to act as appraiser was disputed by the complainant's bill. The bill stated that the party appointed by the defendant had been for several years engaged in the business of adjusting fire losses for the public. It was claimed that he was not by profession or occupation a contractor or builder nor was he in the machinery business. The bill asked release on the theory that the allegation contained therein showed prima facie that the person appointed by the assured was neither competent nor disinterested.

The higher court says an appraiser is expected in a restricted sense to represent the party appointing him and is also expected within reasonable limits to see to it that no legitimate consideration favorable to the party appointing him is overlooked by the other appraisers. While appraisers exercise a quasi judicial function their disinterestedness

is not expected to be so complete as that of a judge in a court of justice.

The court says that the bill does not charge that the person appointed by the assured has any peculiar interest or concern whatever in the award or that he has manifest bias. If the widest inferences are allowed the bill charges that he is engaged in a business, that of loss adjuster, which brings him into frequent conflict with insurance companies and which, as an intermediary, he seeks to obtain for his employers the full amount of their losses or in which he seeks to obtain more than the insurance companies admit to be due. These facts do not disqualify him from acting as an appraiser, the higher court holds. Neither can the charge of incompetency be sustained since an appraiser need not be an expert in the sense that his testimony would be received in a court of law.

## Interest in Advertising Display

There will be much interest in the display prepared by the Insurance Advertising Conference at the convention of the National Association of Insurance Agents at Boston the week of Oct. 2. Samples from each member company will be used in building display boards. They, four in number, will illustrate insurance company publications, national advertising, cooperation in local advertising paid for by the agent, and direct by mail or circular advertising. R. C. Dreher, Boston and Old Colony is president of the Insurance Advertising Conference. He has appointed on the display committee A. D. Grose, Employers Liability group, chairman; R. W. Bugli, London Assurance; C. E. Freeman, Springfield F. & M.; E. M. Hunt, Mutual Life of New York; C. H. Pulver, Aetna Casualty & Surety.

The Advertising Conference will hold its annual meeting in Boston, at the Hotel Statler, Oct. 1-3.

## Financial Statement

as of June 30, 1939

### ASSETS

Cash	\$ 889,233.08
U. S. Government Bonds	1,379,440.32
All Other Bonds	1,747,787.76
Stocks	2,031,258.72
Mortgage Loans	None
Home Office (Land and Buildings)	287,000.00
Premiums	1,125,158.44
Accrued Interest on Bonds	30,342.06
<b>TOTAL ASSETS</b>	<b>\$7,490,220.38</b>

### LIABILITIES

Reserve for Unearned Premiums	\$4,234,347.15
Reserve for Claims in Course of Adjustment	238,340.10
Reserve for Federal, State and All Other Taxes	157,491.22
Reserve for All Other Contingencies	185,253.03
Capital Stock Paid in Full	\$1,250,000.00
Net Surplus Over All Liabilities	1,424,788.88
Surplus to Policyholders	2,674,788.88
<b>TOTAL LIABILITIES</b>	<b>\$7,490,220.38</b>

In accordance with rules promulgated and prescribed by the National Association of Insurance Commissioners, Preferred and Common Stocks are carried at actual market, June 30, 1939, and Bonds carried at amortized value. If actual June 30, 1939, market quotations on bonds were used, the ASSETS would be INCREASED to \$7,712,129.00 and SURPLUS TO POLICYHOLDERS would be INCREASED to \$2,896,697.50.

## PACIFIC NATIONAL FIRE INSURANCE COMPANY

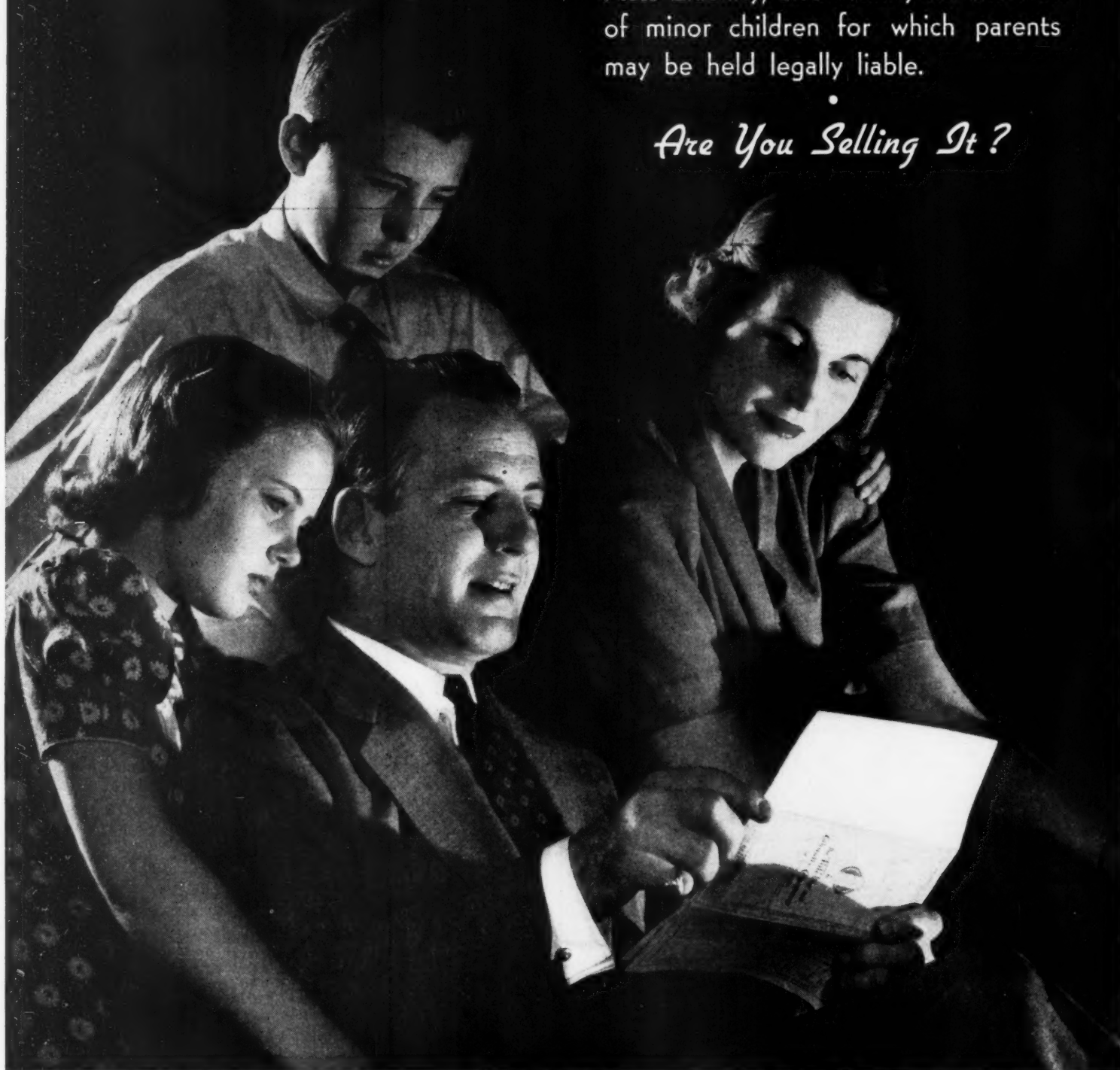
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# The NATIONAL UNDERWRITER

August 24, 1939

CASUALTY AND SURETY SECTION

Page Fifteen

## Cal. Lay Adjuster Report Is Finally Released

### Bar Committee Heartedly Favors the National Conference Pact

LOS ANGELES—The meeting of the Casualty Insurance Adjusters Association here Thursday will be occupied with spirited discussion of the report which has just been made by the committee on claims adjusters of the California Bar Association. The committee report will be submitted to the convention of the bar association at Del Monte early next month.

Considerable adverse comment is expected to be made at the meeting of the adjusters this week.

### Railroads Took Firm Stand

Despite the fact that the report seems to indicate that the committee favors adherence to the national conference plan of insurance adjusters and lawyers, the California bar still is not yet prepared to concede anything to the insurance interests, according to current indications. The report that has just been released, had been completed for more than two months, but was held up in the hope that at the annual meeting of the American Bar Association in San Francisco in July there might be some developments that would give the California lawyers an excuse to avoid accepting the national program.

Attorneys for the railroads, it is understood, told the bar committee that the railroads would fight the bar through the legislature if the bar tried to put through laws that would hinder the claim departments of the railroads. Officers of the Adjusters Association are urging their companies to cause company attorneys to be present at the Del Monte convention of the bar association.

### Numerous Conferences Held

The committee on claims adjusters was authorized at the 1936 convention of the California bar to make an investigation of the unlawful practice of law by lay claim adjusters. The committee recommended to the 1937 convention that if the adjusting interests did not discontinue alleged unlawful practices by April 1, 1938, the matter should be referred to the local administrative committee of the state bar for action. The problem, however, was referred back to the committee. In 1938 the committee recommended that further study be made in view of the fact that proceedings were then under way on the adjuster issue in a number of states and the American bar had the matter under consideration, but that action be taken to induce all adjusting interests to abide by certain principles that were set forth.

The committee stated that numerous conferences have been held with the casualty companies, casualty associations,

## Anniversary Rally Program Impressive

### Minnesota Insurance Federation Will Honor Its Silver Jubilee Year

ST. PAUL — The silver anniversary meeting of the Insurance Federation of Minnesota will be held Sept. 19 at the St. Paul Athletic Club. W. J. Cameron of the Ford Motor Company will speak at the dinner that night, as will Governor Stassen of Minnesota. George W. Wells, secretary Northwestern National Life and former Minnesota commissioner, is general chairman of the anniversary committee.

At the luncheon which will open the silver jubilee program speakers will include Commissioner Yetka of Minnesota, C. W. Fairchild, manager Association of Casualty & Surety Executives, on "Good Will for the Asking"; W. W. Greene, vice-president General Reinsurance, and A. V. Gruhn, manager American Mutual Alliance.

Harry T. Wright, Equitable Society, Chicago, secretary National Association of Life Underwriters, will speak on "Going Places in the Life Insurance Business." This will be followed by a discussion of the social security and unemployment insurance taxes and their relation to the insurance business, by Thomas Watters, Jr., of the legal department of the National Board of Fire Underwriters.

George Teeson, Alexandria, is president of the federation.

insurance adjusters associations, railroads, street cars, etc.

The committee as a result of these conferences became convinced that the insurance companies and other adjusting interests would be willing to commit themselves to certain general principles, but that the adjusting interests are not willing to agree to certain other rules in a form which will satisfy the bar. The adjusting interests contend that while lawyers may properly act to prevent the unlawful practice of law, it is outside their province to regulate business men in doing acts which are not prohibited by law and which are not done in the practice of law; that general rules on such points are impractical in application and the occasions when the practices are abused and harm results to claimants are so rare that the rules are not justified; that the law provides adequate relief against fraud, duress and undue influence.

### Displeased by National Action

The committee states that the national conference agreement and the decision of the Missouri supreme court in the case of Liberty Mutual vs. Bar Committees of Missouri do not restrict insurance companies and lay adjusters to as great an extent as do the rules which have been advocated by the California bar committee. The committee expresses the belief that the California adjusting interests would have accepted what the California bar wanted had it not been for the position taken by the American Bar Association.

The committee recommends that the

(CONTINUED ON PAGE 24)

## Standardization Is Urged by Falvey

### Suggests Course to Be Pursued in Traffic Accident Prevention

NEW YORK—Standardization of traffic accident prevention methods and enforcement of pedestrian control were urged today by W. J. Falvey, vice-president Massachusetts Bonding and chairman of the advisory committee of the



WALLACE J. FALVEY

National Conservation Bureau, in an address at the annual convention of the American Association of Motor Vehicle Administrators here.

Mr. Falvey said that these are essential additional steps in the nation-wide effort of the combined safety forces to further reduce accidents on streets and highways, which last year, despite a record-breaking decrease, killed 32,400 persons, permanently disabled 90,000, injured 1,060,000 less severely, and piled up a direct cost of \$1,500,000,000. He said that they cannot but help to produce a higher degree of safety.

The administrator's program for the current year, the speaker declared, reveals a trend toward standardization as a great controlling force in the promotion of accident prevention. Turning to the question of pedestrian control on the streets, he said that it is not a question of privilege, but one of protection which the administrative authorities should enforce. He called attention to the fact that 80 percent of the fatal traffic accidents in New York City up to Aug. 1 were suffered by pedestrians.

### Michigan Auto Carriers' Outing

Representatives of leading automobile-writing carriers operating in Michigan attended a summer outing at Walnut Hills Golf Club, Lansing, arranged by the Wolverine and Auto-Owners of Lansing and the Citizens Mutual Automobile of Howell. About 100 were present at the banquet, including a number of legislators and insurance department officials.

## Life Agents Seek General Lines to Bolster Incomes

### Full Time Men Reported More Anxious to Build Renewal Accounts

NEW YORK — With production of ordinary life insurance in the last two months only a few percent ahead of the extremely unfavorable figures of the corresponding months of 1938, it is reported that quite a few agents are obtaining licenses to do a general business and seeking fire, automobile, and personal accident accounts. The aim in such cases is to supplement their incomes by building up a renewal account which should be reasonably steady, the renewals paying a higher commission than life insurance even if the first commissions are lower.

It has always been the case that when the going got tough the broker would swing his efforts more strongly in the direction of general business, making life insurance even more secondary than is his habit. However, the tendency which has been observed is not only among brokers but among full-timers.

Some of these full-time men hold that a life agent who is selling less than the most substantial producers is foolish to pass up the opportunity to corral the fire and casualty business of the clients with whom he has established confidence. Those who oppose the tendency contend that life insurance is an entirely different field from general insurance and that the agent who mixes them limits his opportunities for full development as a life insurance man.

## Can Reject Auto Lines of Bay State Brokers

The obligation to issue a policy to any motorist who applies under the Massachusetts compulsory automobile insurance law does not go so far as to require the insurance company to issue a policy for any broker who brings in the business. This is the ruling of the Massachusetts supreme court in *Neustadt vs. Employers Liability et al.* "There is nothing in the statute to indicate that the duty to issue such policies is owed not only to applicants for insurance, but also to brokers who present such applications," says the court. "The fact that the plaintiff is a licensed broker establishes his right to act as such in connection with the business of insurance, but it by no means follows from this that insurance companies are required to deal with him," concluded the court.

The plaintiff alleged that certain insurance companies had combined and agreed to establish "approved lists of brokers," through whom they would write insurance, and to write no insurance through other brokers. The suit was brought in behalf of brokers not on the approved lists.

## Expect Ill. Truck Act to Produce New Business

Illinois agents anticipate that considerable new business will be created through operation of the Illinois truck act that was passed at the recent session of the legislature. Administration of the act is placed in the hands of the department of public works of which F. Lynden Smith is director. The legislation is the outgrowth of a series of hearings held over a period of several months by a committee headed by Senator Menges of East St. Louis.

Heretofore what supervision there has been in Illinois over trucks and buses has been in the hands of the Illinois commerce commission and the secretary of state. There was no legislation requiring trucks and buses to be insured and many of the small operators have not been insured.

### Follow Federal Requirements

The insurance requirements in the new act are modeled closely after those promulgated by the bureau of motor carriers of the Interstate Commerce Commission. Auto P.L. must be carried in limits of \$5,000/10,000, P.D. in limits of \$5,000. There must be a \$1,000 cargo policy on account of loss of or damage to property on any one vehicle and \$2,000 for loss of or damage to property occurring at any one time or place. C.O.D. carriers are required to be bonded for loss from failure to remit in the amount stipulated to be collected upon delivery. There is a provision for giving evidence of financial responsibility and thus escaping the necessity of purchasing insurance. All policies and bonds must be with companies that are licensed in the state.

The administration of the act is to commence Nov. 1. The administration machinery is now being set up. In addition to the requirements for insurance, the law provides for semi-annual mechanical fitness tests and requires that drivers not be at the wheel more than 12 hours and not be on duty more than 15 hours out of 24.

### Crocker Organization Expands

Due to expansion of business, the Judd W. Crocker Claim Department, Inc., has removed its home offices to larger quarters and is now located on the eighth floor of the City National Bank Building, Omaha. This organization has branches in Lincoln, Grand Island, North Platte and Scottsbluff, Neb., and in Des Moines, Iowa City and Sioux City, Ia., as well as at Cheyenne, Wyo., and handles all types of insurance claims.

The company is owned and operated by George B. Dent, Jr., president, and J. J. Kutilek, secretary and manager, who were connected with the organization for several years prior to the death of Mr. Crocker. They are now celebrating their first anniversary as owners.

Mr. Dent has been an insurance attorney and adjuster for the past 10 years, and Mr. Kutilek was for many years associated with the claim department of the Union Pacific System.

### Jury Should Decide Negligence

The Illinois appellate court in Pohl, administrator, vs. Fazzi, held that the questions of negligence on part of a defendant and of contributory negligence on the part of the plaintiff, are questions of fact for the jury and if after verdict the trial court is dissatisfied with the finding of the jury, it should grant a new trial rather than enter judgment, notwithstanding the verdict.

### SPLENDID OPPORTUNITY

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## Keystone Indemnity Case Decision Is Examined

Under Pennsylvania law, assessments can be levied, or must be levied, on reciprocal policies, if the assessment is needed to pay losses, even though the policies had a nonassessable provision; assessments must be levied on expired policies, to cover losses occurring while the policies were in force, if the money is needed to pay losses. These two rulings are found in the decision of the Pennsylvania supreme court in the case of Commonwealth ex rel. Schnader vs. Keystone Indemnity Exchange, decided in June, 1939. A discussion of this case is on the program for the convention of the Pennsylvania Association of Insurance Agents.

### Amended Law in 1929

In 1929 the Pennsylvania reciprocal law was amended to require that the power of attorney or other agreement in a reciprocal should provide that the contingent liability of the subscribers should be equal to not less than one additional annual premium or deposit. Keystone Indemnity had been writing nonassessable policies, and for some time after 1929 it continued to issue the same policies, without putting in the assessment provision or even striking out the nonassessable clause. The exchange failed in 1935 and when the liquidator, in 1937, under order of the court, levied an assessment, one of the subscribers appealed, on the ground that his policy not only did not provide for assessment, but actually stipulated it should not be assessable. He also objected on the ground that his policy had expired.

### Agent of Policyholders

The supreme court pointed out that a reciprocal means that the policyholders are doing an insurance business, and the attorney-in-fact is the agent of the policyholders. The court said that the objecting policyholder was either engaging in the insurance business as the statute permitted, which included assessment liability, or he was engaged in violation of the law, without such liability. It said that the failure of the attorney-in-fact to comply with the law was no defense to the policyholder. The attorney-in-fact is the agent of the policyholders.

On the question of assessment after expiration the supreme court said: "These obligations were not limited to be performed only during the period in which the insurance was to be in force; the subscriber assumed more than one obligation; one was that the insurance should be effective for the specified period, but another obligation was that the contingent liability must be assumed and would, of course, remain an exist-

ing obligation until the subscriber discharged it by payment or was otherwise relieved."

The order for the assessment was affirmed by the supreme court and the appealing policyholder had to pay the cost of the appeal.

The report of the case does not disclose how long after the amendment of 1929 the exchange continued to issue policies purporting to be nonassessable. The court merely says that "for some time" after the act took effect the subscribers' agent continued to issue such policies. It was not shown either how long the policyholder's policy had been expired. The amendment was passed in 1929, and the assessment was levied in 1937.

### Seek Opinion in Cal. on Medical Payment Rider

In response to an inquiry as to whether the California department has made any decision on the new motor medical payment insurance endorsement for the benefit of passengers, this answer has been received: "No decision has been made, the companies being permitted to continue writing until the matter is settled by the attorney-general, to whom we have sent a request for an opinion."

Application for use of the rider in New York has not yet been made to the department. If and when it is received, study will be given as to whether the coverage conforms to or conflicts with the laws controlling the writing of personal accident insurance.

### New Laboratories Film Ready

"Unseen Guardians" is the title of a new educational motion picture short that features the safety work of Underwriters Laboratories together with two other subjects. It was produced by Metro-Goldwyn-Mayer and will be distributed from all of the Loew's film exchanges in the 32 largest cities in the country. Underwriters Laboratories has arranged for film exchange managers to inform all interested persons to telephone when and at what theaters "Unseen Guardians" will be shown.

B. P. Caldwell, Jr., assistant secretary of Underwriters Laboratories, suggests to agents and other insurance people that special advantage can be taken of local showings to produce valuable publicity. Special previews for the press and civic groups can be made to result in newspaper articles, sponsored showings, special advertisements, inspection campaigns, safety essay contests in schools.

## May Ask Juror If He Belongs to Mutual Insurance Company

Where a mutual insurance concern has a large number of members in a community, and pays dividends, and the dividends are affected by the amount of a verdict that may be rendered, a claimant has a right to ask questions of a jury regarding their membership in the concern, even though it does disclose to all the jurors that an insurance company will pay the damages if any are awarded. The Michigan supreme court made this ruling, although it recognized the justice of excluding questions on insurance ordinarily. The case was Fedorinchik vs. Stewart. The supreme court quoted the following from a previous decision: "In an action against a mutual fire insurance company, members thereof, liable to be assessed to pay the loss if the company should be defeated, are interested, and incompetent as jurors." The quotation was from Martin vs. Farmers Mutual Fire, 139 Mich. 148. The insurance company involved in the Stewart case was the Detroit Automobile Insurance Exchange.

### Start Hartford Insurance College Registration

HARTFORD — The newly established Hartford College of Insurance has opened the enrollment period for the 1939-40 academic year which begins next month. Students planning to enroll are requested to send their applications immediately to the office of the director, 44 Niles street. In connection with the opening of the enrollment period, E. G. Baird, director, said: "Classes in the general insurance division will begin in the night school Sept. 18 and classes in the insurance law division will start in the day school Sept. 25. Applicants for admission must be at least 18 years of age. Those recommended by employment and personnel departments of insurance companies, or by insurance company executives, will receive preference in admission."

"All applicants are requested to procure two letters of recommendation. These should give as fully as possible the facts of acquaintance with the applicant and state in detail the writer's estimate of the applicant's character and general ability. Letters should be forwarded directly to the college and not delivered to the applicant. Graduates of approved colleges and universities may be admitted upon transcripts of their academic records. Preference in admission will be given to graduates who have devoted a substantial portion of their undergraduate study to applied economic science. To a limited extent, other applicants not possessing the bachelor's degree, but already employed by and recommended by insurance companies, will be admitted."

### End U. S. F. & G. Summer School

BALTIMORE—Diplomas were presented to 30 students who had taken the six weeks summer course conducted by the United States Fidelity & Guaranty at the home office, under the direction of G. C. Trenholm, supervisor of education. First prize went to J. T. Houts, with E. H. Crump & Co., Memphis, who made an average of 98.6. The second went to H. M. Gordon, Real Estate Insurance Company, Columbiana, Ala., with 98.5. The diplomas were presented by President E. Asbury Davis. The fall sessions will be started next October, with applications for enrollment already coming in.

### Sullivan Asks for Auto Experience

OLYMPIA, WASH. — Commissioner Sullivan has issued a special call for automobile experience on Washington business. It is confined to liability and property damage on private passenger cars, the experience on policies of 1934-38 inclusive to be reported as of Dec. 31, 1938.

## CASUALTY COMPANY STATEMENTS

(Report as of June 30, to Georgia Insurance department)

	Capital or Deposit	STOCK		First Six Months 1939—	
		Assets	Surplus	Income	Disburse.
Allstate .....	\$ 800,000	\$ 1,147,831	\$ 303,894	\$ 442,718	\$ 275,693
American Surety .....	7,500,000	26,917,603	5,305,723	5,993,572	5,169,413
Central Surety .....	1,000,000	7,438,033	1,719,008	2,263,188	2,030,129
Columbia Casualty .....	1,000,000	8,002,938	2,627,021	2,151,989	1,593,961
Commercial Standard .....	300,000	3,631,472	453,202	3,047,140	1,795,510
Employers Reinsurance .....	1,500,000	16,343,736	2,500,000	3,984,968	3,370,632
General Accident .....	550,000	37,815,195	11,251,512	10,415,599	8,955,402
Hartford Accident .....	3,000,000	80,721,398	.....	21,629,247	16,712,180
Hartford Steam Boiler .....	3,000,000	19,522,818	7,839,073	2,565,760	2,856,376
Home Indemnity .....	1,050,000	7,428,285	1,892,192	2,366,333	1,536,575
Indemnity of N. A. .....	2,500,500	30,857,441	6,562,690	7,291,432	5,577,041
Massachusetts Bonding .....	2,000,000	22,207,951	2,942,897	9,230,864	7,945,521
National Casualty .....	750,000	4,774,082	1,383,034	2,071,187	1,905,381
National Surety .....	2,500,000	24,461,212	10,377,034	7,722,509	4,320,191
New York Casualty .....	1,000,000	5,167,693	901,757	1,507,834	1,231,629
No. American Accident .....	400,000	3,340,229	610,226	2,241,845	2,123,142
Ocean Accident .....	850,000	18,241,141	4,684,112	4,328,165	4,384,598
St. Paul-Mercury Indem. .....	1,000,000	11,892,207	3,139,786	3,609,308	2,571,523
Standard Surety & Cas. .....	1,000,000	5,763,769	1,084,891	1,695,429	1,528,473
U. S. Fidelity & Guar. .....	2,000,000	56,785,507	8,025,059	18,999,173	15,651,470
Western Cas. & Surety .....	750,000	4,073,903	314,703	1,676,504	1,556,365
MUTUALS AND RECIPROCALLS					
Casualty Recip. Exch. .....	.....	2,751,938	963,067	1,182,190	1,158,987
Motor Indemnity, Ind. .....	.....	2,072,248	780,039	823,844	536,090
Mutual Benefit H. & A. .....	.....	8,140,381	600,000	6,684,586	5,879,994
Reciprocal Exch., Mo. .....	.....	1,575,261	808,351	310,132	426,492
State Farm Mutual, Ill. .....	.....	16,931,759	5,031,707	8,748,802	7,512,228



## Cincinnati Agency Fights License Bar

COLUMBUS, O.—Automobile Insurance Agency, Cincinnati has filed suit in common pleas court of Franklin county contesting the ruling of Deputy Superintendent Crabbe revoking the agency's license and that of Edward Bernard, a member of the agency. The old certification by the Motorists Mutual, which was issued in 1931, also was revoked. Aug. 25 the department had planned to hear others connected with the Cincinnati Automobile Club, of which the agency was an affiliate on the order.

The opinion by Deputy Crabbe upheld practically all the charges made in the course of the hearing held late in July. Mr. Crabbe found it had been the consistent policy of the agency to solicit insurance only from members of the automobile club. He also found the Tri-State Acceptance Corporation, which has its offices in the same quarters as the automobile club and insurance agency, had paid \$1,883 gross premiums to the agency. It was held the finance company was controlled by the automobile club. The department held the agency was unsuitable to be licensed as an agent and its members should not be permitted to sell automobile insurance in connection with operations of the Cincinnati Automobile Club or the agency. The license previously issued to the agency, as agent for Republic Mutual and Motorists Mutual, together with certification of the Cincinnati Automobile Club Insurance Exchange by Motorists Mutual dated July 17, 1931, were revoked. Licenses issued to Edward Bernard, member of the agency, as agent for the Republic Mutual and Motorists Mutual, and certification of Edward Bernard by Motorists Mutual, also were revoked.

In its suit, the Automobile Insurance Agency, raises a question as to the constitutionality of the agents' qualification law. It also contends that the finding of the department is against the weight of the evidence.

### Mid-Year Meet Jan. 25-26

The mid-year meeting of the National Accident and Health Association will be held Jan. 25-26 next year at St. Louis, it has been announced by George L. Dyer, manager accident and health department, Columbian National Life, who is in charge of local arrangements.

### Golf Club Liability Case

The potential liability of golf clubs and the necessity for carrying full protection is shown in the award of the Illinois Industrial Commission to David Rutledge, 15, a caddy at the Scandetaha Country Club, Galesburg, who was given a life income because of having been blinded by a bug bite a year ago. The club was ordered to pay \$2,500 at the rate of \$7.50 a week and \$25 a month thereafter for life.

## Comment on 50-50 Plate Glass Form

NEW YORK — In prohibiting the further writing of the 50-50 plate glass policy in Pennsylvania, Commissioner Taggart has fallen into line with similar action previously taken by the North and South Carolina and Georgia departments. Use of the retention form was never sanctioned in New York or Oklahoma. In the latter state a number of 50-50 policies were written, but as soon as it became known to the commissioner he demanded their cancellation and notified companies responsible that issuance of any further contracts of such character would bring severe penalties.

First issued by a Kansas City company in 1926, use of the form, while authorized by the W. E. Moore rating bureau for its member companies, was never sanctioned by the National Bureau of Casualty & Surety Underwriters, except as a competitive measure in Chicago, when all rates were declared

## One in 20 Crash in Year

Survey Shows Probability of Being Involved in Accident—Great Mass Pilgrimage Seen for '39

Chances are about one in 20 that your family car will be involved in a crash this year in which someone will be killed or injured. The chances are one in five or better that you will witness such a crash, or reach the scene soon enough to be of help, and you need to know only a few simple first-aid rules, according to the medical department of Northwestern National Life.

Driving hazards are much greater in 1939, the report warns. Indications are for the biggest travel year in the country's history. With two world's fairs in operation, there is faster and more long-distance traffic on the highways.

suggest seven simple rules which will prevent many a death and shorten many a traffic victim's recovery:

1. Switch off the ignition of any car that has been involved in an accident. If there is a smell of leaking gasoline, keep smokers away.

### Don't Move the Victim

2. Don't move the victim unless the accident has left him where he is exposed to further injury, or in a very uncomfortable physical position. In such a case, move him slowly, carefully, and only as far as is absolutely necessary. Moving victims often causes



This gruesome scene occurred in Los Angeles when eight persons including a family of five were instantly killed when the car skidded on a rain soaked street and crashed into an interurban bus. This picture was taken before the victims were removed from the scene.—Acme News Pictures.

There are more strange drivers hurrying through cities and towns, unfamiliar with local driving rules and customs. These conditions spell more accidents, and close to a million and a quarter casualties in 1939.

### Injuries Are More Serious

Injuries in motor accidents today are much more serious, on the average, than a few years ago, due to faster driving. More multiple fractures of the lower limbs occur. Skull fractures are more frequent. More spinal injuries are found, due to the whiplash effect of collisions at high speed.

Collaborating with hospital receiving ward surgeons, the insurance medicos

a fractured bone to jam through the flesh, causing much graver injury; spinal injuries may be made fatal by movement.

3. If the victim is not breathing, use artificial respiration at once.

4. Cover victim with coats or blankets and keep him warm. Crash injuries are nearly always accompanied by shock, which calls for warmth, and a position with the head lower than the feet.

5. If there is severe bleeding, apply a pad of the cleanest material available, with pressure enough to check bleeding. If bleeding is from a cut on a limb, a tourniquet may be used instead, between the wound and the heart.

6. Send somebody to summon a policeman or highway patrolman at once, while you call the nearest doctor; if no doctor is immediately available and injuries seem serious, phone the nearest emergency hospital for an ambulance. Be careful to give clear directions for reaching the spot.

7. Do not attempt to transport victim in a private car unless certain his injuries are trivial. Anyone with serious injuries should be moved only in a reclining position, which is impossible in a passenger automobile.

### TURN BACKS ON EUROPE

More American families will tour the Americas in 1939 than ever before, while they turn their backs on Europe. Barring unexpected economic reversals, 1939 will be the biggest travel year in the country's history, and should top the record 5½ billion dollar tourist business of 1937, according to Northwestern National.

American travel to Europe shrank 20

## Standard Inspection Code Is Presented

NEW YORK—Publication of a new manual to assist state and municipal governments in making the standard motor vehicle inspection code work effective is announced by J. H. Harvey, managing director of National Conservation Bureau, accident prevention division of the Association of Casualty & Surety Executives, in an address before the American Association of Motor Vehicle Administrators.

The manual is being prepared by the staff of the National Conservation Bureau and was undertaken at the request of the technical committee which developed the motor vehicle inspection code as an aid to the states in putting the code itself into effect. It will be ready for distribution within a short time.

"By way of illustration of how this manual can be helpful," Mr. Harvey said, "consider a state which at present has no inspection system but would like to establish one. Recognizing that one kind of system will not apply equally well to all states, the manual will present the pertinent facts and point out the practicality of each of the major types of inspection stations—the state or municipally owned and operated station, the officially appointed private station, and last a combination of the two methods."

percent in 1938 from the 1937 volume. Major stimulants to domestic travel during 1939 are the New York and San Francisco fairs; it is estimated that 26 million visitors will see one fair or the other.

### Greatest Mass Pilgrimage

The American motorist, who despite the depression did almost as much touring in 1938 as in the record year of 1937, is due for his greatest mass pilgrimage in 1939. Automobile clubs report that many members cut short or postponed 1938 pleasure trips, in anticipation of making world's fair treks in 1939. Automobile clubs and gasoline company routing bureaus report that they have a considerable volume of inquiries already for summer vacation routings. Winter motor travel for the season just past exceeded that of the winter of 1937-38.

### MEXICO TRAVEL DROPS

American tourist travel to Mexico reached an all time high in 1937, but in 1938 dropped to its lowest ebb in many years, due to disorders and expropriations. The trend continues downward.

Almost as many American motorists took pleasure trips in 1938 as in 1937, all available data indicates, but on the average they took shorter trips and spent less. However, more visited the national parks than ever before. More than 12 million people visited one or more national parks in 1938; in the season ended Sept. 30, 1937, 15,133,432 persons visited the national park system, and in 1938 the total climbed to 16,233,688. And of these visitors, 95 percent came by automobile.

More Americans went abroad in 1937 than in any year since 1930, but with war scares added to the depression, the number dropped precipitously in 1938, and is still on the toboggan. Only a miraculous clearing of the war clouds can prevent a further shrinkage in 1939 from 1938 European travel volume, tourist agencies feel.

### Advices Paying Georgia Tax

NEW YORK—Company members of the National Board have been advised by General Counsel J. H. Doyle to pay the one-tenth of 1 percent tax upon their 1938 gross premiums in Georgia, as demanded by Commissioner Harrison. This is for the support of the fire marshal's department. It must be made on or before Sept. 1.

## CHANGES IN CASUALTY FIELD

### Travelers Names New Comptroller

Carl E. Pratt has been appointed comptroller of the Travelers succeeding the late C. D. Rarey. In this capacity he will have under his direction the cashiers and all clerical employees in the



CARL E. PRATT

branch offices and the accounting departments in the home office.

Mr. Pratt was born in Breckenridge, Mo., June 4, 1889, graduated from high school at Salisbury and for two years attended the North Missouri Institute at Salisbury.

In 1909 he entered the insurance business as an employee of the Turner & Nichols agency in Kansas City, which he served as an assistant cashier and later cashier, and on May 1, 1913, he became a direct employee of the Travelers as cashier in the Kansas City branch office. On Nov. 1, 1915, he was transferred to the St. Louis office as cashier. He went to the home office in the comptroller's department in January, 1920. In January, 1931, he was appointed assistant comptroller and since the death of Mr. Rarey has been acting comptroller.

### Calvin Given New Post in Midwest Office

R. G. Calvin, special agent Preferred Accident, working out of the mid-western department in Chicago, has been appointed assistant manager of that office. He went with the company in November, 1937, being attached to the Detroit office until the establishment of the mid-western department in Chicago in 1938. For the past six months he has been acting as assistant manager. He has been in the insurance business 11 years. Before joining Preferred, he was five years with Commercial Casualty and Metropolitan Casualty in the Chicago office. He started with Standard Accident at the home office in Detroit and after a time there was transferred to Chicago.

Previous to the establishment of the mid-west office of Preferred Accident, the company was represented in that area by the Cook county office. With the establishment of the mid-west office the organization has expanded rapidly until now the office covers 10 states.

### Zurich's Pittsburgh Changes

P. V. McMurry of Pittsburgh, manager of the Zurich, has made some changes in personnel. J. P. Smith has resigned as superintendent of the claim department of the Pittsburgh branch. F. A. McKennett, for some time attorney and adjuster with the Zurich in the Minneapolis branch with headquarters in St. Paul, is appointed to succeed Mr. Smith. A. J. Killard becomes assistant

superintendent of the claim department.

The Pittsburgh office of the Zurich is to be enlarged and redecorated in preparation for a greater volume of business in connection with the addition of the American Guarantee & Liability, its new affiliate, writing bond and boiler lines, now in process of organization.

### Eason Goes to Iowa

H. G. Eason, assistant manager of the United States Casualty at Chicago, and formerly with the agency department of the Ocean Accident & Guarantee and Columbia Casualty in the Chicago office, has been appointed Iowa regional supervisor of the two latter companies. He will work in connection with Lee Taylor, state agent for the Commercial Union fire group, with headquarters at 403 Fleming building, Des Moines. Under the new arrangement Mr. Taylor will continue his work in the fire insurance line and Mr. Eason will handle all the casualty and surety business. Mr. Eason

resigned from the Ocean where he was assistant manager in Chicago, to become manager of the Accident & Casualty there.

### E. J. Magner with Waldron

E. J. Magner has been made superintendent of the surety department of the A. M. Waldron general agency of the Standard Surety & Casualty in Philadelphia. He has been with the Aetna Casualty & Surety, Alliance Casualty and more recently with Harold Hager Company in Philadelphia.

### McElveen Takes Over in Charleston

T. M. McElveen has taken over the Insurance Adjusters Bureau at 54½ Broad street, Charleston, S. C. He is a graduate of Furman University, a native of South Carolina, and has been in the adjusting field for 13 years. He was with Travelers in Charlotte, N. C., and other sections of that state and three years with Glens Falls in Columbia, S. C. He has had experience in all lines of insurance adjustments. He was the first president of the South Carolina Association of Claim Men.

## ACCIDENT AND HEALTH

### New Physicians Service Launched on West Coast

LOS ANGELES—The new California Physicians Service, providing medical and surgical care and hospitalization for persons of moderate income, is sponsored by the California Medical Association, and has 5,000 California doctors as members, 1,600 of them in the Los Angeles metropolitan area. Dr. Ray Lyman Wilbur, president of Leland Stanford University, is president of the service.

Membership is limited to groups of five or more members not over 65 years of age, not organized specifically for the purpose of obtaining medical care. Family and individual memberships will be included eventually. Only persons whose income is \$3,000 or less a year may join.

Cost of medical and hospital service is \$2.50 per month per person for full coverage; \$2 per month per person if the member agrees to pay for the first two visits of the doctor in any one sickness or injury. In addition there is a registration fee of \$1.

### Institutions Giving Service

The hospital service is provided through the Associated Hospital Service of Southern California, Insurance Association of Approved Hospitals in the San Francisco Bay area, and the Intercoast Hospitalization Insurance Association, which take in more than 80 percent of all hospitals in the state.

The services include treatment at patient's home if unable to go to the doctor's office, at doctor's office or at hospital if hospitalization is required; laboratory examinations, including urinalysis, blood count, blood chemistry and other required laboratory services; x-ray and radium treatments and service of physician anesthetist. Mental disorders, drug addiction and alcoholism, injuries resulting from lawless acts by members or intentionally self-inflicted, those covered by workmen's compensation laws and existing conditions are excluded.

Hospital care is given as long as 21 days for each illness or injury during a contract year in a room of three or more beds, with private rooms available at a small additional cost. Hospital care is excluded in obstetrics, but medical service will be furnished after two years. In tuberculosis, hospital care is excluded after diagnosis is established, but medical care is given for one year. Hernia, tonsil, adenoid, nasal and septum operations require 12 months membership.

### Brink Agency's Great Lakes Cruise Starts Aug. 29

DETROIT—The annual Great Lakes cruise of the E. B. Brink state agency of the United Benefit Life and Mutual Benefit Health & Accident will be held on the "Seeland," leaving Detroit Aug. 29 and visiting Georgian Bay, Sault Ste. Marie, Mackinac Island, Green Bay and Chicago. Mr. Brink will be host to agents who qualified for the trip in a two-months' sales contest which closed Aug. 15, home office officials and company managers from the middle west totaling 187. Sales conferences will be held aboard ship during the cruise.

In attendance from the home office in Omaha will be S. C. Carroll, vice-president Mutual Benefit; E. S. Adams, assistant to the president of the companies; W. E. Huggins, superintendent of claims, and H. C. Carden, superintendent of agencies. Managers who will attend include L. F. Flaska, Toronto; Rush Kirkham, Toledo; C. F. Gurney, Cincinnati; Floyd Holdren, Cleveland; M. G. Sleight, Syracuse; R. M. and F. W. Hale, Pittsburgh; C. T. Redfield, Chicago; Emerson Davis, Dayton; R. F. Sheehan, Newark; W. F. Helmbrecht, Buffalo; D. S. Walker, Philadelphia, and A. W. Heuertz, Memphis.

The Brink agency reports a 35 percent increase in new accident and health business for the first seven months and 19 percent in premium income for the first six months.

### "Time Saver" Analysis of Accident Policies Is Issued

Hundreds of commercial accident and health policies are analyzed and described in the new 1939 "Time Saver," which has just come from the press of THE NATIONAL UNDERWRITER. This edition is particularly interesting as it contains much information regarding hospitalization written individually by a number of companies together with the premiums. The so-called bureau hospitalization forms are also in the book. Most companies write policies that vary in extent from the bureau contracts. The hospital policies are described fully as are other accident and health contracts.

The "Time Saver," which has been the annual standard reference book of the accident and health business for many years, is now in its 16th edition. Commercial contracts of 100 companies appear. It is completely indexed, thus easy and quick reference is available. The analysis is complete with rates for all ages. Riders used are also included.

Policies of companies writing business by mail are shown.

There is a condensed financial statement of nearly all the accident and health companies. In one section there is a list of officers together with the states in which each company is licensed.

Another section explains the total and permanent disability clause written by the leading life companies, that is, those having \$1,000,000 or more in premiums. The "Time Saver" gives all non-cancellable policies written with a complete explanation of each contract and also records the premiums. The amount of non-cancellable premiums for each company is given together with the claims.

One of the interesting up-to-date features is the special aviation accident policy written by the Aero Underwriters, the U. S. Aviation Underwriters and other groups.

The "Time Saver" sells for \$4. It is a salesman's handy reference guide and is just as useful for the man at the desk.

### Standard Accident Offers Plan to Employes

Standard Accident is now offering a hospital insurance plan to its employes, the plan to become effective when 75 percent of those eligible sign up. The policy will pay \$5 per day for hospital confinement with a limit of 70 days for a single continuous disability; up to \$25 for special hospital fees, including anaesthetics and their administration, use of operating or delivery room, laboratories and x-ray fees, and from \$5 to \$150 for actual fees charged by the doctor for surgical operations. If an operation is performed at any place other than in the hospital or if performed while assured is in a hospital less than 18 hours up to one-half the amount given in the schedule will be paid.

If two or more specified surgical operations are performed during one continuous disability, the total amount payable shall not exceed the \$150 maximum.

A female employee is not required to be insured for a certain length of time to qualify for benefits on account of pregnancy and surgery benefits for female conditions are permitted. Hernia is not excluded for either sex.

### Iowa Endorsement Revises Forms in Line with Law

DES MOINES—A standard endorsement form for use by foreign companies to revise all accident and health policies, except group, in line with the Iowa accident and health standard provisions law, was approved by Commissioner Fischer. It is expected to save the companies many thousands of dollars by making it unnecessary to print special policies to fit the Iowa laws. It also will greatly aid the Iowa department in checking company forms, which in the past have had to be compared minutely to see if they conformed to Iowa statutes.

The action followed a conference with Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, Chicago, and Watson Powell, Des Moines, president American Republic. Frank Callender, policy examiner Iowa department, formulated the plan after attending the conference conventions in Chicago last year and in Boston this year.

### Hospitalization Policy Revised

The Columbian National Life has announced an improvement of its "pioneer" sickness hospitalization policy. It has been revised and extended to enable prospects to "write their own coverage." The change was made because of the evident need for a more flexible sickness coverage.

The new "pioneer" sickness benefits include hospital residence from \$5 to \$10 a day for 30 days, trained nursing expense with the same range of reimbursement, surgical benefits with limits from \$75 to \$225 maximum, and miscellaneous expenses. The new policy is



adaptable to varying regional hospital charges as well as to the personal preferences of the prospective policyholders.

The announcement of the new "pioneer" follows closely that of the complete hospitalization policy, the "Yankee." The "Yankee" offers the same coverage for accident and health the "pioneer" does for sickness.

#### Hospital Groups Licensed

The Ohio department has licensed the following hospital service associations: Associated Hospital Service of Mahoning County, Youngstown; Columbus Hospital Service Association, Cleveland; Hospital Service Association, Akron; Hospital Association of Summit County, Akron; Hospital Service of Stark County, Canton; Hospital Service Association of Toledo.

#### Plans for A. & H. Week Meeting

DETROIT—Preliminary arrangements for the meeting of the Accident & Health Insurance Week Committee here Sept. 21, include a breakfast at Hotel Statler followed by a business session,

with attendance at noon at the meeting of the Detroit Accident & Health Association. The committee will hold an afternoon session if necessary, and if not will be entertained at golf and an outing. The Standard Accident will be host at dinner at the Detroit Athletic Club.

Thomas Hook, Standard Accident, and E. B. Brink, state manager Mutual Benefit Health & Accident, local members of the committee, are handling arrangements.

#### Two More Write at 14

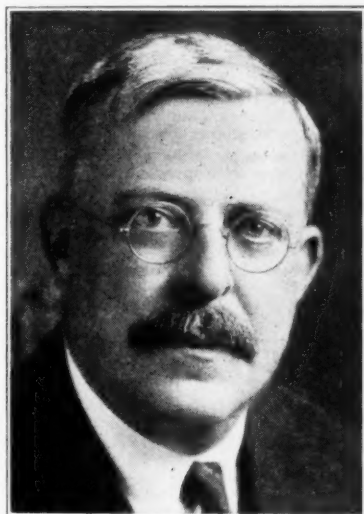
The Travelers and Aetna Life are now writing accident policies on boy and girl students down to age 14. The United States Fidelity & Guaranty and Connecticut General Life had previously announced similar reductions in the minimum age limit, which formerly was 16 years.

Commissioner Fischer has tentatively approved organization plans of the Iowa Hospital Service Association, which is organizing under an act passed by the legislature putting the association under the jurisdiction of the insurance department.

## WORKMEN'S COMPENSATION

### C. W. Hobbs Writes New Insurance Book

A book by Clarence W. Hobbs, representative of the insurance commissioners on the National Council on Compensation Insurance, has just been published. The title is "Essentials of Workmen's Compensation Insurance" and the



CLARENCE W. HOBBS

contents are described in the title with unusual accuracy. The story of compensation is told in such simple and untechnical language that the reader does not appreciate at first how completely the subject is covered. The book describes the origin of workmen's compensation insurance, different forms of insurance carriers, selling organizations, rate making, standard policies, state endorsements, special forms and endorsements, and reinsurance and other loss sharing contracts. The foreword says: "This book is designed to furnish an introduction to and a speaking acquaintance with the subject, and to aid in the better understanding of the ordinary motions gone through in writing workmen's compensation insurance." It does this very thoroughly. The publisher is the "Spectator," Philadelphia and New York.

#### Forgotten Department

ST. PAUL—The Minnesota Compensation Insurance Board, which supervises the compensation insurance business in the state, apparently is a

forgotten department of the state government. In making up a detailed chart of the new state administrative setup, the authors omitted any reference to the compensation board, made up of three members who have much to do with the successful operation of the compensation insurance act.

#### Domestic Servants Rate Set

LOS ANGELES—Following the announcement that domestic servants working 52 or more hours per week in any one home will come under the compensation law Sept. 19, there has been considerable speculation on rates for this business and whether the expense constant was to be included. The bureau companies have fixed a rate of \$18.50, with both expense and loss constants included. Notices to that effect have been sent out. It is understood that the state fund will write the line at a rate of \$10.

It is reported here that if a family employing but one domestic servant permits two days off duty per week, such action will remove the servant from the compensable class. However, no definite ruling to that effect has been promulgated.

#### Liberalizing Bill in Alabama

BIRMINGHAM, ALA.—The lower house of the Alabama legislature has passed a bill liberalizing the workman's compensation act. The bill reduces the minimum number of employees entitling an employer to qualify under the act from 16 to 8, and reduces the waiting period from two weeks to one week. It also increases the fee which a lawyer may charge from 10-12½ to 25 percent.

#### Must Cover Relief Workers

HARRISBURG, PA.—Sponsors of public projects employing relief labor under the new Pennsylvania "no work, no relief" system must furnish workmen's compensation protection for relief workers on each project, the department of public assistance ruled. The interpretation was upheld by the department of justice.

#### Public Mutual Covers Taxis

ST. LOUIS—A liability insurance policy covering 150 Black & White taxicabs has been filed with the St. Louis board of public service by the recently organized Public Mutual Casualty of St. Louis. Recently the company filed and had approved a similar policy covering 400 drivers for the United Service Car Association. The new mutual has opened offices at 706 Chestnut street.

## FIDELITY AND SURETY

### Important Case Now in New York Courts

NEW YORK—Surety companies that were on the bond of C. A. Buckley during his term as city chamberlain some years ago will be required to pay into the city treasury \$33,633, plus interest and costs, unless the recent decision of Supreme Court Justice Shientag is reversed on appeal. On the other hand, should the decision be sustained, it is intimated surety offices may be called upon to make good a much heavier sum. Buckley was bonded for \$300,000, the underlying bond being written by one of the prominent surety companies of New England, with several others participating. Of the latter, two have since been taken over for liquidation, and the contention of the city is that the default by these institutions must be assumed by the solvent carriers.

#### Buckley Invested Funds

The action was based upon the allegation that Buckley, as city chamberlain, invested funds of the estate of Elizabeth D. Kingsland in mortgages, after he had been ordered by the surrogate court to deposit the money, subject to immediate draft, and that the proceeds were not available when called for by beneficiaries of the deceased. It was further maintained that the properties in which investments were made were worth considerably less than 50 percent more than the mortgages, as required by law. Aside from the undervaluations, there were liens for unpaid taxes on the properties, and in one instance for unpaid water charges. The court held that the chamberlain "failed to use any care or prudence in making these investments."

The fact that Buckley acted in good faith and followed the practice of his predecessor in office did not, the court asserted, relieve him from liability. Nor, the judge added, could liability be avoided because the chamberlain "acted in reliance upon an opinion of the corporation counsel given one of his predecessors in 1917. The city cannot be estopped by reason of an erroneous opinion rendered by a prior corporation counsel." Disclaiming any thought that Buckley acted in bad faith or with fraudulent intent or as the result of improper motive, the court yet pointed out, such absence would not relieve the chamberlain and his sureties from liability to the city for its claims.

### Convict Pittsburgh Agents in Highway Bond Case

James P. Kirk and Victor Skok, who operated an insurance agency at Pittsburgh, were convicted in the common pleas court at Harrisburg, Pa., on charges of conspiracy to coerce the placing of highway contract bonds. The former chief engineer of the Pennsylvania highway department, who stood trial with Kirk and Skok, was acquitted. Kirk and Skok, it is understood, maintained headquarters rooms in Harrisburg during the big highway lettings and state authority lettings and sought to make the contractors believe that they had the blessings of the state authorities and that the wise contractor would patronize them.

#### Washington Contract Rates

Following the resignation of the General Casualty, United Pacific and Associated Indemnity from the Towner Rating Bureau, new rates have been filed in Washington. A rate of ¼ of 1 percent with an annual minimum premium of \$7.50 has been filed on class A contract bonds. Class B contract bonds carry a 1 percent rate and a \$15 minimum for the first 24-month period, the annual renewal rates thereafter being ½

of 1 percent. On non-publicly owned utility jobs, bonds take a rate of ¼ of 1 percent. Performance bonds, if the contract does not include the advance of funds, takes a 1/5 of 1 percent rate or \$3 per thousand. The \$7.50 per thousand rate has been filed for paving contract bonds. For road surfacing the rate is \$5 per thousand with a minimum premium of \$10.

#### Few New Construction Plans

NEW YORK—Few new construction projects of magnitude are planned by the federal government at this time, interest centering in the completion of those now underway. It is anticipated new undertakings will be announced within a few months, work upon which can be started after the winter season. Bonds on federal construction projects constitute a considerable percentage of the call for construction bonds received by surety companies, and the business is desirable.

#### Roth Visits Kansas City

KANSAS CITY—E. Vernon Roth, assistant secretary Surety Association of America, formerly assistant secretary of the Towner Rating Bureau, met with 35 surety and insurance men here. J. Ives Barton, Maryland Casualty, president of the Casualty & Surety Underwriters Association, presided.

#### Embezzled \$11,870 from U.S.F.&G.

BALTIMORE — John J. Joyce, an accountant, who had pleaded guilty in criminal court here to embezzling \$11,870 from the United States Fidelity & Guaranty since 1933, was sentenced to five years in the penitentiary. Joyce admitted he had taken checks out of envelopes mailed to various firms and then had other employees of the U.S.F.&G. cash them for him. He told these employees it was a matter of common-place policy to have this done secretly.

#### Have No Right to Pay Premiums

LINCOLN, NEB.—Attorney General Johnson, answering a request from the state superintendent for an opinion, held that Nebraska school districts have no authority to pay premiums on surety bonds purchased by the district treasurers. The superintendent had a case where the law requires a bond of \$5,000, upon which the premium is \$25, and the treasurer drew a salary of but \$20 a year.

#### Public Indemnity Compromise

NEWARK—W. F. Smith, assistant United States attorney, reported to Federal Judge Fake that the attorney general's office had accepted an offer of \$65,000 from the liquidators of the defunct Public Indemnity, in compromise of forfeited bail bonds totaling more than \$280,000. An order dismissing 32 criminal cases in which that company furnished bail bonds was entered.

#### Safety Congress to Be Oct. 16-20

The National Safety Congress will be held in Atlantic City Oct. 16-20. More than 500 speakers and discussion leaders will speak at 140 sessions. Problems common to industry, such as occupational diseases, welding and cutting, off-the-job accidents, fire control and the handling of fumes, gases and vapors will be considered.

#### A. W. Hites with Standard S. & C.

Atlee W. Hites has been appointed state agent for all of Ohio for Standard Surety & Casualty with offices at Columbus. He will be assisted in the field by Special Agent P. E. Tucker. For the past five years Mr. Hites has covered southern Ohio for Mercer Casualty and Celina Mutual Casualty.

## Insurance Gains Victory in CCC Issue

(CONTINUED FROM PAGE 1)

tional Association of Insurance Agents were continued Monday and Tuesday of this week. The insurance interests had appealed directly to Secretary of Agriculture Wallace. The department finally announced that it was convinced of the validity of the arguments of the insurance interests that the proposed protection fund for CCC corn loans would be in reality the establishment of an insurance fund to be used for payment of losses on property which the government did not yet own. That being true, the department decided that it would not be proper for the CCC to enter the insurance business.

### Considered Reinsuring the Pool

At one point in the proceedings the CCC officials desired to go ahead with the protection fund and use the money to buy insurance from private companies at an adjusted rate. Insurance interests, however, pointed out that such a plan would be more complicated than issuing new insurance certificates at the request of the farmer on the expiration of the present insurance and under such an arrangement the CCC would be a collector of insurance premiums without being licensed as an insurance agent.

The private companies will segregate their experience on the sealed corn risks so that at the end of each policy expiration year they will be in a position further to adjust the rate which will exactly meet the new experience.

### Statement by Bennett

W. H. Bennett, general counsel of National Association of Insurance Agents, issued a statement, expressing gratitude to Secretary of Agriculture Wallace, to Harry Brown, assistant secretary of agriculture, to R. M. Evans, administrator of the AAA, for the time and attention they gave to the conferences that were held.

Mr. Bennett stated that at the outset the prospect of getting the CCC out of the insurance business looked gloomy. The CCC justified its action on the ground that its program was cheaper and simpler for the farmer. Although the National association was definitely told no when it urged the retention of commercial insurance along the usual lines, its representatives and the company men refused to accept that answer as final and continued their efforts with the secretary and assistant secretary of agriculture and the administrator of the AAA, in the hope that every thing was not yet lost.

The agents will continue to write primary insurance on the sealed corn as heretofore. The errors and omission coverage that is carried by Hartford Fire and Glens Falls will be continued, protecting the CCC from losses not covered by primary insurance.

At one point in the proceedings, it was tentatively decided that farmers could purchase insurance certificates for the next 12 months to protect the extension of resealed loans and secure a credit of a prorata return premium based on the 35 cent reduction in rate.

### Decide Against Rewriting

This would have enabled many farmers to cancel and rewrite the insurance for another 12 months by the payment of approximately 25 cents for the new certificate. However at later conferences it was decided that existing policies would not be canceled but would be allowed to run to maturity, when the new rate will apply.

The insurance conferees gave assurance to the CCC that there is a sufficient market available to afford the needed coverage and that there will be an ample number of companies that desire to write the business.

L. G. Warder of Chicago, associate western manager of Hartford Fire, who is president of the Farm Underwriters Association, offered to assist the AAA

and CCC in simplifying the procedure in handling insurance certificates. The department of agriculture officials indicated that they desired to have open competition for primary insurance, allowing the farmer or producer to select an agent of his own choice.

Mr. Warder was requested to straighten out the errors and omissions contract by having Rollins-Burdick-Hunter, the Chicago brokers controlling the line, attach suitable endorsements to the original policies.

### SMRHA OPPOSED PLAN

LINCOLN, NEB.—Following the announcement of the federal agricultural administration, operating through the Commodity Credit Corporation, that it would levy an assessment of 1/5 cent per bushel on corn and rye encumbered with CCC loans to supplant private insurance Insurance Director Smrha of Nebraska had inaugurated (prior to the repudiation of the plan by Secretary Wallace) an investigation as to whether CCC, being an instrument of government, can disregard Nebraska laws requiring all sellers of insurance to procure a license from the department.

Mr. Smrha had asked the department attorney for an opinion, and had asked Washington to define the legal status of CCC. Mr. Smrha said there is no doubt that CCC was proposing to engage in the business of insurance.

Abner K. Chestem, acting chairman of the state CCC branch, had issued a circular to borrowers telling them that when they pay their sealing fees they will be given complete coverage against fire, wind, explosion, flood, hail and theft upon payment of 1/5 cent a bushel for corn and rye stored.

Chestem said the commercial companies had been charging a total of 1/2 cent a bushel for primary and secondary insurance, and that losses had not exceeded 5 percent of the premiums.

Mr. Smrha said that the CCC plan was assessment in character and did not guarantee payment in full of losses.

## McCormack Relates Details in Payments of Bribery Money

(CONTINUED FROM PAGE 1)

that "Boss" Tom pleaded guilty to evasion of federal income taxes in 1935 and 1936 by failing to account for some of his earnings, including his "cut" of the \$440,000 paid out by Mr. Street. The only purpose served by Mr. McCormack's testimony at the brief hearing here—he was on the stand just slightly more than one hour—was to get into the record of this proceeding his statement of how he brought Pendergast and Street together at the suggestion of O'Malley.

Mr. McCormack in his testimony did not involve any other company official or any of the attorneys for the companies in the payments made by Mr. Street to Pendergast for his part in bringing about a settlement satisfactory to the companies.

### McCormack Bronzed by Vacation

Bronzed from a recent vacation trip to Wisconsin, Mr. McCormack appeared in good health and was in excellent spirits. He readily answered all questions put to him, balking only when he was asked about the \$22,500 that apparently was his share of the second \$50,000 he carried to Pendergast from Chicago for Street.

The chief questions were put by C. L. Henson, chief counsel of the Missouri department. There was no cross-examination by the attorneys for the companies. Apparently they were satis-

fied that the testimony had not gone beyond Mr. Street so far as the companies were concerned.

He testified that he was a director of the Missouri Association of Insurance Agents early in 1935 when approached by Superintendent O'Malley, who wanted to know if the fire companies would be interested in the settlement of the rate litigation. He said that in 1933 and 1934 he had been president of the state association. He briefly sketched his career in the insurance business, which started in 1903 as an office boy, when he was 12 years of age.

Then he testified as to his part in bringing Mr. Street and Pendergast together in response to the suggestion made by O'Malley. He said he heard that Mr. Street had agreed to pay Pendergast a total of \$500,000 for effecting a settlement agreeable to the companies, but later, when Mr. Street became anxious for an immediate termination of the litigation, the amount he said he was willing to pay was raised to \$750,000. However, only \$440,000 was actually paid, Mr. McCormack said.

### Responsibility on O'Malley

Mr. McCormack's testimony placed the responsibility for originating the proposal for the compromise of the rate litigation squarely in the lap of Superintendent O'Malley. After establishing that he was acquainted with Mr. O'Malley and that he knew of the 16 2/3 percent rate cases, Mr. McCormack was asked what conversation he had about the matter with Mr. O'Malley about a settlement of the litigation early in 1935.

"I don't recall whether he called me by phone, or just how it was," he said, "but I met him at the Coronado Hotel. He asked me if the companies would consider a settlement of the rate litigation. I told him that I was only an agent and not in a position to speak for any of the companies in that regard, and so had no idea what they might offer. I told him that I would speak to Mr. Street about what he had said.

### Something Might Be Done

"He said that if the companies were interested in a settlement that maybe something could be done about it. He suggested that if Mr. Street could talk to Pendergast it was possible they could get together and dispose of the case.

"I said I would be glad to convey this information to Mr. Street. A few days after that I went to Chicago and told Mr. Street of my conversation with Mr. O'Malley. I told him how Mr. O'Malley had communicated with me and what was said. Mr. Street said that he would be glad to meet with Pendergast. My conversation with him didn't last very long. I returned to St. Louis and conveyed the information to Mr. O'Malley that Mr. Street was willing to meet with Pendergast. Mr. O'Malley said he would see what could be done about it."

He then detailed the arrangements for and the meeting between Pendergast, Mr. Street and himself at the Palmer House in Chicago a couple of weeks after his first meeting with Mr. Street.

### Street Went Into Detail

Mr. Street he said went into great details concerning the rate situation, of its various angles and ramifications and how the litigation had been dragging along in Missouri for 15 or 16 years. He said that the companies were anxious to get the matter settled so that the citizens of the state could obtain the advantages of modern coverages and lower rates. And that for that reason the companies were disposed to settle the litigation although he felt they were entitled to all of the impounded premiums.

"Mr. Street said that he would be willing to pay someone a fee to bring about an acceptable settlement," Mr. McCormack said.

Mr. McCormack explained that he was in and out of the room during the conference and did not know all that had been said. He recalled that Mr. Street asked Pendergast how much it would cost. I don't recall what Pendergast said at that time, but the next

thing I heard was that they had agreed on \$500,000. Pendergast said that he would do what he could to dispose of the matter when he got back to Kansas City."

"To whom was the \$500,000 to go?" he was asked.

"To Pendergast," was the response.

"From whom was this money to come?"

"I presume from Street."

"Did he pay some of this money?"

"He did."

"How was it to be paid?"

"I have no recollection of the statement of how it was to be paid or what it was to be paid in reference to a settlement. Only it was to be paid when an acceptable settlement was procured."

"Superintendent O'Malley was not at that meeting?"

"No. O'Malley was not there."

### Told About Another Meeting

He later detailed another meeting in Chicago at which Mr. Street expressed a willingness to pay \$750,000 to expedite a satisfactory settlement of the litigation. This gathering was at the Congress Hotel in Chicago. Pendergast said that he was working on the matter and would do all he could to expedite a settlement acceptable to the companies.

Mr. McCormack said he had no knowledge of how the money was to be raised by Mr. Street, since he had nothing whatsoever to do with it. Asked whether Pendergast had stated with whom he was working, Mr. McCormack said he never did so.

He next told of a trip to Mr. Street's office on or about May 9, 1935, at which he received the first \$50,000 to be taken to Pendergast. He said that Mr. Street asked him if he would mind taking a package to Pendergast in Kansas City. He said that Mr. Street told him that there was some money in the package and that he could tell from the wrappers that there was \$50,000 in all. He went to Kansas City by plane and delivered the money to Pendergast about 5:20 p. m. that day in his office at the Jackson County Democratic Club. He said that Pendergast took the package and put it on the top of his desk. There was no one else present, Mr. McCormack said.

He was asked if he recalled the meeting in the Muehlbach Hotel, Kansas City, about May 14, 1935, at which the rate case settlement was worked out. He said that he did, since he was among those present.

Asked who else was present at that meeting, Mr. McCormack recalled that among those on hand were Mr. Street, R. J. Folonig, Chicago attorney for the companies; the late J. V. Parker, Western Actuarial Bureau manager; Superintendent O'Malley, P. B. McHaney, who at that time was attorney for the Missouri department; former Attorney General J. T. Barker, of special counsel for the department, and L. S. Poor, then chief ratifier for the department.

He stated very positively that nothing was said during the conference at the Muehlbach about the \$50,000 that he had paid to Pendergast for Mr. Street.

### Basis of Settlement Reached

He recalled that after several hours that meeting reached a basis for a settlement of the rate litigation. The details were later worked out by the attorneys after he had departed from Kansas City to return to St. Louis that evening, he said.

Asked if he had any conversations with Mr. O'Malley about the \$50,000 he said that his recollection was that he did but not on the day that the settlement agreement was worked out.

"Did you tell him the amount of the money?"

"I think I did."

"So Mr. O'Malley knew the amount of the money before that conference was entered into?"

"He did."

Asked about the second payment to Pendergast, he said that it was within a week of the Kansas City settlement conference. Of that \$50,000, he said Pendergast kept \$5,000 for himself and directed



that Mr. McCormack deliver \$22,500 to Mr. O'Malley.

He recalled taking the money to St. Louis and meeting Mr. O'Malley at the Coronado Hotel. He said that Mr. O'Malley had no place to keep the money and he agreed to keep it for him in his safety deposit box in a St. Louis bank. Payments were made to Mr. O'Malley in amount of \$500, \$1,000 or \$2,000 or so over a period of four or five months. He testified that he always complied with O'Malley's requests for the money.

At this point Special Master Barnett said: "I would like to clear up a point in this proceeding. If Pendergast kept \$5,000 of the \$50,000 and you delivered \$22,500 to O'Malley, what became of the remainder of that money?"

J. E. Carroll, Mr. McCormack's personal counsel, interposed an objection, saying: "I have instructed my client not to answer questions on that point." Master Barnett said that the objection would be sustained, and the direct examination of McCormack continued.

Mr. McCormack couldn't recall all of his conversation with O'Malley when he delivered the \$22,500 to him at the Coronado. He recalled that he had told O'Malley that Pendergast had asked him to give the money to O'Malley.

#### Would Raise More Money

Continuing his testimony, Mr. McCormack recalled that shortly after Feb. 1, 1936, assuming that the special federal court in Kansas City had disposed of the rate case on that date, Mr. Street called him from Chicago and asked him if he could come to Chicago. He said that he did so in a day or two. He said that prior to that time Mr. Street had told him that he was arranging to raise some more money, and that when he did so he would let me know.

He said that when he met Mr. Street in Chicago he learned that he was to deliver \$330,000 to Pendergast. He placed the money in a bag and went by train to Kansas City. This money was delivered to the Kansas City political leader in his home. Mr. McCormack said that Pendergast kept \$250,000 for himself and asked that he take \$40,000 to O'Malley.

#### Money Delivered to O'Malley

He was then asked to explain the circumstances under which he made delivery to O'Malley in St. Louis. He said that O'Malley was in the east and later wired him when he would arrive at Union Station. Mr. McCormack met the train at the station and drove Mr. O'Malley and his wife to the bank. Mr. McCormack went inside to get the money from his safety deposit box. When he returned to the automobile they drove to the Coronado Hotel. At the hotel he gave the \$40,000 to O'Malley, who placed it in his suitcase. He could not recall whether Mrs. O'Malley was in the room when he gave the money to Mr. O'Malley. He explained they had a suite and it was possible that Mrs. O'Malley was in another room.

Mr. McCormack also told of another trip to Kansas City to deliver \$10,000 to Pendergast who was a patient in the Menorah Hospital. He spent only a moment in the hospital room, since the nurse in charge had said he should not prolong his visit. This money was sent from Chicago by Mr. Street to a St. Louis bank which made delivery to McCormack.

Asked why that entire \$500,000 agreed upon had not been paid to Pendergast, Mr. McCormack said that neither Pendergast or O'Malley had said anything to him about further payments toward the \$500,000. He said that it was his general impression that the balance of the \$500,000 would be paid when the state court case was disposed of on an acceptable basis. Called upon to explain why he arrived at this general impression, he said that since the attorneys and certain of the expenses in connection with the case had been paid on a percentage basis it was his impression the \$500,000 payment would be handled on the same basis.

Asked at one point in the proceedings

by Master Barnett whether any of his communications with O'Malley had been by letter, Mr. McCormack replied: "I wrote no letters."

When counsel for the companies stated there would be no cross-examination, Barnett then asked McCormack to repeat the various sums paid to Pendergast, saying: "You have accounted for \$330,000 in one shipment, \$50,000 in the first delivery, \$50,000 in the second, and \$10,000 delivered to Pendergast in the hospital, isn't that true?" "How much did O'Malley get?"

Mr. McCormack replied that O'Malley got \$22,500 on the first occasion and the \$40,000 out of the largest sum sent to Kansas City from Chicago. Master Barnett was satisfied and when the attorneys announced that they had no more questions he adjourned the meeting to Sept. 7 in Kansas City, when six company officials will be called to the stand, including B. M. Culver, America Fore, J. L. Parsons, Crum & Forster, Harold Warner, Royal-L. & L. & G., and W. R. McCain, Aetna Fire, R. B. Duboc, Western Fire, and witnesses from Denver.

Superintendent Ray B. Lucas was a spectator at the St. Louis hearing.

## Canadian Officials in Annual Meeting

(CONTINUED FROM PAGE 1)

The standing committee on hail insurance legislation headed by A. E. Fisher, Regina, superintendent of insurance for Saskatchewan, reported that a standard law governing hail insurance was agreed upon and subsequently enacted in Manitoba and Saskatchewan, and that Alberta has not yet considered the new uniform law.

It also revealed that extended coverage insurance may now be written on field, garden and horticultural crops. Grain lying in the windrows or in sheaves either on the ground or in shocks may be covered and permission is made for the insuring of the crops against loss or damage arising by other losses incidental to crops.

The committee on fire insurance legislation also gave particular attention to the relationship of the personal property floater to fire and went on record as saying that if it is advisable to have fire statutory enactment it is arguable that other classes should have similar protection. It reported that most companies are favorable toward the resident agent law, and in the great majority of cases are doing all in their power to comply with the general principle, not only as being the present law, but in the interests of their own business.

#### Uniform Act Satisfactory

The committee on automobile insurance legislation and standard forms reported that the uniform act which became effective on July 1, 1935, in the eight provinces of Canada, Quebec excluded, appears to be working out well, particularly in view of the fact that the act is subject to numerous court decisions from time to time.

Various technicalities, especially in reference to supplementary cover, the personal property floater and the application of fire insurance statutory conditions to supplementary coverages were reported upon by the committee on definition and interpretation of underwriting powers of fire, marine and casualty insurers.

#### COMPULSORY COVER

An interesting commentary on legislative results in various countries throughout the world was given by the committee on compulsory automobile liability insurance. Such legislation has been in force for some years in Austria, Denmark, Great Britain, Massachusetts, New Zealand, Norway, Sweden and Switzerland. However, statistical information, with the exception of Great

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Britain, Massachusetts and New Zealand, was not available.

According to the committee the experience in England has been that compulsory liability insurance has not reduced accidents, that it has undoubtedly been a factor in increased cost of settling personal injury claims, that it has made necessary certain increases in rates, and that it is doubtful whether such rates have been sufficient to meet the higher cost of claims. The English companies still have the power, however, to fix rates and select risks.

Similarly, the experience in Massachusetts has shown a more rapid rise

in the number of claims than in accidents or car registrations. The increase was more than 65 percent from 1927 to 1935. Claims of injured occupants of cars increased more than 150 percent, during the same period. As might be expected, these conditions have resulted in increased rates. Since 1927, public liability insurance rates in Massachusetts have been increased 43 per cent, and in spite of this companies operating in Massachusetts have lost \$18,000,000. Twelve have failed through inadequacy of the premium rate.

The economic consequence of motor vehicle accidents was stressed strongly

by the committee, it being noted that the predominant interests are not those of the motorist or the insurance company, but those of the injured person and the state. In a very large percentage of cases an accident causes economic loss which may fall on persons not able to bear it. Thus, the problem is a social one as apart from indemnity to the interested parties. There are the tradesmen, hospitals, doctors and others whose bills have to be paid.

The insurance companies are opposed to compulsion and claim that their reasons and objections are justified by the experience in Massachusetts. They are

afraid that the legislation will entail the supervision or establishment of rates by the state and that these rates will under political pressure be inadequate, that fraud and collusion will increase, and that they will be forced to insure persons who should not be allowed to drive a car. It has been suggested that unwanted risks be pooled as in New Hampshire.

It is not clearly understood that compulsory insurance has no effect on preventing accidents, that it is simply a method of providing compensation to persons injured as a result of motor accidents. A large proportion of the pub-

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lic thinks that compulsory automobile liability insurance is compensation covering all motor vehicle accidents. In all jurisdictions which require compulsory insurance, it is still necessary to establish that the owner or driver of the insured motor vehicle are legally liable for loss or damage sustained by others by reason of negligence in the operation of the insured motor vehicle.

It has been often alleged that the financial responsibility plan which is in use in Canada, with the exception of Quebec, and many of the states is a hit-and-miss law. There is no certainty of indemnity for the injured party. Recovery depends on an action in the court and unless there is known to be insurance, that action is a risk.

This type of legislation, the committee said, was founded on the principle that a motorist is only compelled to carry insurance after he has become liable for damages in an accident and has failed to pay them. The principle is analogous to that of one-dog-one-bite.

#### Tendency Toward Compensation Fund

The committee said that of late a tendency is growing toward the principle of compensation as a solution for losses caused by the motor car.

Along this line, the New York City's bar association has recognized that establishment of an extra tribunal to assess damages would be a really progressive step.

The committee says that it has been proposed that every person injured shall receive compensation out of a fund. Disregarding negligence on the part of either the motorist or claimant, it is suggested that the principle of fault should be abolished as out of date. In fact, it has been abolished in various European countries.

In justification of such a proposal it is contended that the doctrine of negligence requires relatively simple situations, facts accurately ascertainable and speedy methods of apportioning blame and determining damages, conditions which by no means are certain or general.

Obvious objection to the compensation principle is that numerous persons are injured in accidents of many other kinds. Two large companies operating in Canada state that in the past few years 30 percent or less of claims arise from automobile accidents. It is contended that it is not logical to compensate for only one class of accidents. It is also alleged that there will be fraudulent claims, malingering, political influence, and that it will be impossible to set any scale of compensation.

The committee suggested that instead of compelling all motorists to carry insurance, the path of wisdom may be a gradual development in the direction of complete compulsion or compensation. Proceeding step by step the principle might be applied only to those classes and cases where experience shows that insurance is necessary. The great need for financial responsibility is before and not after the accident.

Among suggestions put forward are: Should compulsory insurance be confined to cases where (a) more than one person will drive the car; (b) the car will be driven at a speed exceeding 25 or 30 miles per hour; (c) the car is generally operated in a city of over 5,000 or 10,000 persons; (d) the car is operated by a person under the age of 25 or over the age of 60; (e) the car is used in any commercial way, and (f) proof of financial responsibility is required under a motor vehicle act.

Should insurance be compulsory to the extent of providing payment for hospital expenses? Should insurance be on the driver rather than the car? Should not allowance be made in the rate for a driver's record and under the safe driver reward plan now being widely tried in the United States, or should the demerit system for drivers with bad records be adopted?

It was pointed out that the principle of compulsion is already in force in the

case of general buses, school buses and freight trucks. Probably few problems have been investigated so often and in so many places, the committee said, as compulsory automobile insurance. Examination of the issues involved now extends over a period of considerable time. The pros and cons, hypothetical and practical, the facts, conditions and difficulties surrounding the problem have been canvassed over and over again.

#### Allstate Companies to Open Several New Branch Offices

It is reported that the Allstate and Allstate Fire of Chicago will embark on a branch office expansion program beginning shortly after Nov. 1. Present plans call for the establishment of an Illinois branch office in Chicago late this fall or the first of next year, to be followed by the opening of branches in Los Angeles and New York in 1940. In 1941 or 1942, it was indicated, branch offices may be opened in Detroit, Atlanta and possibly Philadelphia.

The home office force has been increased 24 percent this year to take care of increased business.

Allstate's premiums for the first seven months of this year were \$1,918,800 as compared to \$1,678,800 for the same period last year. For the fire company, premiums increased from \$348,100 to \$497,500. Assets increased from \$4,056,000 as of Dec. 1, 1938, to \$4,534,700 as of July 31, 1939. The fire company's assets increased during the same period from \$977,200 to \$1,176,800.

#### Wisconsin Fight Develops Over Fee Measure

MADISON, WIS. — Charges and countercharges were made by representatives of two factions in the mutual insurance battle before the judiciary committee of the Wisconsin state senate over a bill to require companies to set up reserves against collection of membership fees. The bill especially would bar the State Farm Mutual Automobile of Bloomington, Ill., from doing business in Wisconsin under its present method of collecting a \$15 membership fee from every policyholder without creating a reserve against this charge. The bill would require companies charging membership fee to treat it as a premium and include it in computation of reserve liability, and also provides that no company shall be licensed in Wisconsin if it charges a membership fee in another state and does not set up reserve as required by Wisconsin. The bill has passed the house.

#### Affects Workmen's Mutual

R. M. Rieser, Madison, and Russell Matthias, of Ekern's law firm, represented the Bloomington company and Workmen's Mutual. They stated the Workmen's Mutual changed its method of operating with a membership fee, but the proposed law would be adverse to it. G. J. Mecherle, board chairman Illinois mutual, and A. H. Rust, executive vice-president, stated its reserve system and membership fee plan had not been questioned in 38 states and Canada. Rust said membership fees ranged from \$4 to \$9, and were not \$15, as charged, and no court ever has held membership fees were any part of the premium. Wilkie later said the \$15 was the total of fees for various types of insurance, such as fire, theft, liability, etc.

#### Discontinues Accident Form

Metropolitan Life has discontinued its accident policy which pays only in the event of death or dismemberment. This does not affect the death or dismemberment features in its regular accident policies paying a weekly indemnity. No reason for the change is given in the announcement, but it is understood that relatively few of the death and dismemberment policies were sold and the experience on them was not satisfactory. It has never written a medical reimbursement form.

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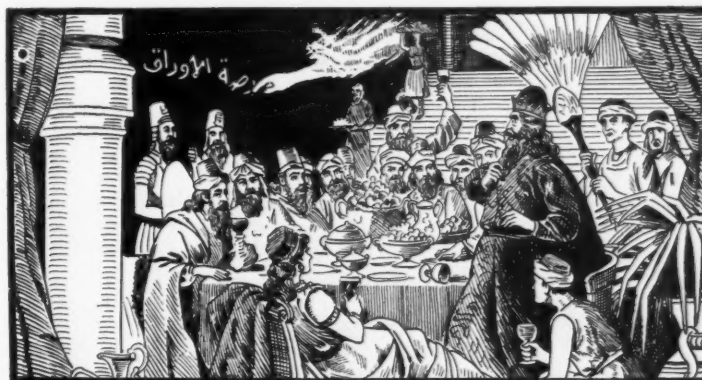
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## Cal. Lay Adjuster Report Is Finally Released

(CONTINUED FROM PAGE 15)

state bar join with the insurance groups in the creation of a conference committee to cooperate with the national conference committee; that the state bar join with the railroads and other adjusting interests in the adoption of a code of rules for the conduct of lay adjusters; that the state bar work for the recognition by all adjusting interests of the principle that the giving of legal advice, the passing upon questions of law and the negotiating for the adjustment of claims before the questions of legal liability and insurance coverage have been determined by the company against which the claim is made, constitutes practice of law; that the state bar urged the national conference committee to adopt a statement denouncing such rule.

Also: that the state bar sponsor a statute providing that releases executed by an injured person who is hospitalized or bed ridden within 15 days after his

injuries were incurred are presumed to have been procured by undue influence and without sufficient consideration; a statute providing that a witness who is a party to an action for injuries may not be impeached by a statement procured while he was bed ridden or hospitalized and within 15 days after the injuries were sustained, or a statement procured from him when a copy of the statement has not been furnished to him.

A statute to be drafted by the committee on probate laws, providing procedure for the approval of settlement of claims of minors and incompetents. The committee recommends that the bar do not sponsor legislation requiring a person against whom a claim is made to give notice concerning the statute of limitations.

The committee recommends that the state bar take action to investigate and punish the unlawful practice of law by lay claim adjusters representing companies which refuse to cooperate with the bar in the recommended program. The committee recommends that the bar take no action against lay claim adjusters that represent companies or are members of associations that cooperate with it under the recommended program except through the committees acting with adjusting interests, unless it appears that cooperative action cannot obtain a satisfactory result. The com-

mittee recommends that the local administrative committee shall take action to discipline actions by members of the state bar in violation of the stated principles. The committee recommends that a committee on claim adjusters be appointed for the following year to assist in carrying out the recommended matters.

## PERSONALS

**P. G. Garey**, secretary of the Commercial Casualty and Metropolitan Casualty, in charge of the accident and health department, has qualified as a member of United Air Lines 100,000 Mile Club, having flown that number of miles of more.

**W. Bert Russell**, a director of the Pioneer Mutual Casualty of Tiffin, O., died suddenly in his home in Tiffin. He was active in the Pioneer organization and was the underwriter up to the time of his death. He had been in the insurance business for 15 years.

**R. B. Notestein**, casualty manager Travelers branch office at Grand Rapids, Mich., has completed 20 years' service with the company. He formerly was special agent in Detroit and assistant casualty manager at Milwaukee.

**H. T. Dobbs**, vice-president Industrial Life & Health, Atlanta, and chairman of the executive committee of the Industrial Insurers Conference, has been appointed executive vice-chairman of the Georgia chapter of the National Foundation for Infantile Paralysis by Governor Rivers.

**F. L. Templeman**, manager of the accident and health department of the Maryland Casualty, has return to the home office in Baltimore after spending three days with C. A. Revenaugh, manager of that department in the Chicago branch office.

**D. W. La Rocque**, superintendent at the New York head office of the London Guarantee, is making a visit of several days to the Chicago general agency of Conkling, Price & Webb.

**John J. Nangle**, vice-president of the Utilities of St. Louis, as special master appointed by the circuit court of St. Louis to straighten out the 900 claims to the \$2,000,000 Hazlett Kyle Campbell estate of St. Louis, has completed his hearings in Ireland, Scotland and England and plans to sail for home on the Queen Mary Aug. 30. He will bring back with him 500 copies of marriage licenses, birth and death certificates, half a dozen family Bibles and more than 1,000,000 words of testimony. Mr. Nangle created something of a stir in British legal circles and the press because of the informal manner in which he conducted the hearings. He must still take testimony from some 200 witnesses in the United States.

**Francis R. Parks**, 63, Boston pioneer in accident and health, died at his home in Newton, Mass. Until his retirement in 1929 he was secretary for many years of the Loyal Protective. He took his first step toward compilation of America's disability experience when he published original tables in 1911, covering 56,142 lives and 94,489 years of experience.

At the convention of the Direct Mail Advertising Association in New York, Sept. 27-29, **Robert K. Orr**, president Wolverine of Lansing, will serve as chairman of the departmental session devoted to better letters.

**Wesley G. Cannon**, prominent casualty company manager of San Francisco, and Mrs. Cannon announce the marriage of their daughter, Audrey Wayne, to Miles R. Robisch.

### U.S.F.&G. Issues New Family Cover

U. S. F. & G. has come out with new forms of family golf and sports liability coverage which apply to the husband, wife and children under 21 permanently residing in the same household. Premium for the golf cover is \$5 for bodily

injury and \$3 for property damage and gives coverage while practicing or participating in any game of golf. Premium for the sports cover is \$7 for bodily injury and \$3 for property damage. A three-year premium as is customary may be purchased for two and one-half times the annual premium.

## Won't Turn Over Michigan Assets to New York Receiver

**LANSING, MICH.**—Judge Carr of Ingham county circuit court has refused to order the Michigan receiver for Lloyds of America, New York, to turn over to the New York receiver assets allocated to this state. The opinion supports the contention of B. C. Schram, receiver for the First National Bank of Detroit, that he has a right to test out through litigation certain points that might, if favorably decided, result in larger dividend payments to Michigan creditors.

While the Michigan receiver, on the basis of cash now on hand, is not in a position to pay a dividend of more than 5 percent as against 13 percent to policyholder claimants and 10 percent to non-policy claimants from the New York receiver, there is a possible equity in the old home office building of the Detroit Fidelity & Surety, which was merged with Lloyds of America, and in the assets of the Reliance corporation.

### Companies Sponsor Golf Affair

**LOS ANGELES**—Bonding companies sponsored the annual underwriters golf tournament of the Los Angeles Bar Association, held at Lakewood Golf Club, North Hollywood, and donated prizes. Judge H. A. Decker won low gross score with 81 and Dan E. Gray low net of 70. L. O. James won low gross for guests and Walter Lorenz low net for guests. Companies sponsoring the affair were Fidelity & Deposit, Hartford Accident, U. S. F. & G., Maryland Casualty and Fidelity & Casualty.

## Illinois Financial Responsibility

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## Importance of Rent, Rental Value and Leasehold Cover Told

How to sell rent, rental value and leasehold insurance coverages is told by Earl Vogt, advertising manager of Millers National, in an attractive file folder sales kit recently mailed to agents.

Rent insurance is for the owner of property which is rented to others. It insures loss of rental income if such income is cut off by the property being made untenable by such hazards as fire, windstorm, explosion, riot, etc.

Rental value cover is for the owner who occupies the property himself and insures against loss of use, measured in terms of rental value. Actually there is no difference in the application of rental value insurance and rent insurance. The terms are used simply to describe the conditions relating to the occupancy of the premises.

### Loss Would Be the Same

For example: Should a dwelling renting for \$60 a month become untenable for twelve months it would mean a rental loss of \$720. A mercantile building renting for \$250 a month rendered untenable for twelve months would mean a rental loss of \$3,000.

If the owner occupies the premises himself the loss would be the same in the form of rental value so in either case the owner buys rent or rental value insurance to safeguard his income and prevent unnecessary hardship in the event of loss.

This coverage should be sold to the owners of mercantile, factory, or office buildings, as well as owners of dwellings, flats, apartment houses, and hotels. It is most commonly written by endorsement to a fire or tornado policy covering the building, but a separate policy can be issued.

### Should Analyze Policyholders' Cover

To sell rent or rental value insurance the agent should analyze his customers' building insurance as expirations come up monthly and apply rent insurance to the renewal in every case possible.

Cost is not a sales resistance factor because the protection is so inexpensive. With rate reductions of one sort or another in fire cover occurring constantly, the addition of a dollar or two of premium will help bolster an agent's income and almost invariably that type of assured either will not notice the additional premium or if he does he will be pleased with a service which gives him better protection at a negligible increase in cost.

The agent should not let the small premium discourage him because attaching rent insurance to about 14 dwelling policies is the equivalent of getting a new line. It adds up to a nice additional income without much effort if handled properly.

### 'Phone Clients Before Expiration

The agent should then consider customers who may notice and object to an additional charge without first being consulted, also those customers whose rental values he is not so sure of. The thing to do is to phone them prior to the expiration of their building insurance; tell them that the agency is putting this coverage on a great majority of the customers' policies and why; and check with them on their rental values and show them what they can get for so little cost. It is easy to sell the cover-

age if any kind of a sales talk is prepared at all.

If it is the practice of the agent to solicit renewals he should sell rent or rental value insurance then.

In considering new prospects the agent can use it to get the prospect's attention and convince him that his service is more valuable than that of his competitor who has overlooked applying the coverage. This gives the prospect a good reason why he should let the agent handle his insurance. It leads easily to a discussion of his existing insurance and brings out expiration dates. If this angle is worked consistently the agent will find that it will pay big dividends.

### Leasehold Market Expanding

The application of leasehold insurance is not as general as rent and rental value insurance, but now that leases made in depression times have increased in value the market for this coverage is expanding.

For example: Premises may now be worth twice the rental the tenant is paying because his lease was made during a lower rental period, or the location has become more desirable for one reason or another. Suppose he is paying a monthly rental of \$250 for those premises which today have a rental value of \$500. He would stand to lose \$250 a month if that valuable lease were cancelled through loss by those hazards

mentioned—so he takes out leasehold insurance and protects that annual \$3,000 leasehold interest.

Obviously the first thing to do is to analyze present accounts. Find out which of them have valuable leases that could ill afford to be lost because of a fire, windstorm, or explosion. Call attention to the cancellation clause undoubtedly contained in their leases. Explain how leasehold insurance would indemnify them for what they had lost under the terminated leases. Show them how easily and inexpensively their leasehold interest can be insured.

### Sufficient Premium and Commission

This coverage is important and a good agent should provide his customers with the coverage where and when they need it. There is sufficient premium and commission involved to make it worthwhile going after so the coverage definitely provides an avenue for increased income. It is also a good leader for new accounts because in the average business center it has not been sold as widely as it should be.

Millers National enclosed two sample letters in the folder on rent and leasehold insurance, one to landlords and the other to owners occupying property, pointing out in simple but forceful language the need for such coverages. Also included is a handy "slip" which can be attached to renewal policies. It points out the value of insuring rent income, and the cost of such coverage for each particular renewal policy may be recorded.

The 24th anniversary of the Citizens Mutual Automobile of Howell, Mich., will be celebrated with an agent's convention and outing.

## Comment Is Made on Gross Earnings Use & Occupancy

NEW YORK — The gross earnings contribution use and occupancy form for

merchants risks is not a new idea, but it is apparently approved by important bodies of merchants and it offers an opportunity to write business interruption insurance on a basis equitable to both company and assured. The final decision as to whether it is the ideal way of insuring use and occupancy or whether the former contribution forms are preferable will rest with the merchants who pay the premiums. Frank G. Howard, assistant secretary Northern of London, thus described the new form in a message to his company's field men.



F. G. HOWARD

### Shows Fundamental Difficulty

A fundamental difficulty with all use and occupancy forms, frequently overlooked or uncomprehended by critics, stated Mr. Howard, is that short periods of suspension of operations permit the elimination of practically no expense, whereas many expenses are discontinued during a long shutdown. Thus, any yard stick which will measure the amount of insurance needed to cover a short suspension will, if extended to an annual basis, result in the assured carrying far more protection than he could

ever possibly collect. In any suspension, the actual practical loss is bound to be less than the annual gross earnings, since any discontinuance of expenses amounts to a salvage. A study of losses and premiums which would justify them brought out the fact that using 50 percent of the gross earnings as the basis of insurance would be equitable to all parties.

### Gross Earnings Form Feature

Under the old per diem form very few merchants insured their ordinary payroll and it became generally accepted that mercantile ordinary payroll on an annual basis is not a proper subject of indemnity. The gross earnings form does not in as many words limit the period of policy payments for ordinary payroll, but it clearly states that it shall not pay charges and expenses which do not necessarily continue during the interruption of the business.

Mr. Howard pointed out as very favorable to the assured the provision in the new form covering against shutdown due to accident on the premises being denied by order of civil authority as a result of a fire in the neighborhood. On the other hand, the "special exclusions" clause denies coverage granted by older forms—prolongation of shutdown by a riot or strike at the assured's place of business.

Pointing out that a new form such as this is bound to bring forth criticism, Mr. Howard urged everyone in the business to give it a reasonable tryout and leave the question of future changes to those who buy insurance.

## Business Man Relies Upon His Insurance Advisor

COLUMBIA, TENN.—"The average business man does not have time to study insurance, consequently he knows very little about his requirements in all of their various forms and must rely largely upon the local agent to supply his needs," Leslie M. Ross, vice-president Tennessee Association of Insurance Agents, said in an address at the dedication banquet of the Maury County Insurance Exchange here.

"This is no reflection upon the business man, neither does he know much about medicine, drugs, law or other lines of business in which he is not actively engaged and he relies upon his professional advisors to direct him properly," Mr. Ross added.

### Problem of Small Concerns

"The large manufacturing concerns employ experts to handle their insurance purchases, but this is not practical for the smaller concerns and they turn to the local agent for this auditing or survey service, which may be obtained from any competent insurance agent with the assistance of his engineer from the company without cost.

"Just to illustrate what an insurance audit can accomplish, I persuaded one of my clients who owned a number of rental properties to let me make an audit of the insurance policies and submit a report to him. The owner seemed to get the idea that I simply wanted to get the expirations of the policies written by other agents for the selfish purpose of writing the business.

"Finally I was able to persuade him to let me check over the policies, and here is what I found: Two of the houses were insured twice, two had no insurance at all, one had only half as much insurance as necessary and the owner had no insurance on household furnishings and no tornado insurance at all. I found the descriptions in one of the policies did not cover any particular house and it was necessary to get that property properly described.

"The conditions that I found in this survey indicate the absolute need for such a survey by a competent local agent. With a large number of policies distributed among a number of agents, and no one agent knowing what others have written, it is not unusual for errors to be made and insurance not to be as well written as it would be if one responsible agent were directing the deal.

"It is far better for the property owner to place the handling of his insurance in the hands of one competent agent, who may be instructed to divide the business among several agents if the owner desires to favor several agents."

J. D. Saint, manager Tennessee association, was toastmaster at a banquet. Agents from Columbia, Mt. Pleasant and Spring Hill attended.

**Question**—Could you advise us the names and addresses of any company writing mortality insurance (death from any cause) on a jack?

**Answer**—Such a risk is on the prohibited list, we believe, of those companies writing live stock insurance. However, the market might listen to a restricted proposition, whereunder, for instance, the animal would be covered for three-fourths of its value at a rate of 10 percent. Hartford Live Stock, North America (marine department) and London Lloyds are the only possibilities that we know of.

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# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Iowa Agents' Rally Program Announced

DES MOINES, IA.—The annual meeting of Iowa Association of Insurance Agents, to be held at Mason City, Sept. 6-8, promises to be interesting, with an array of notable speakers, according to the program announced by President B. C. Hopkins. Charles F. Thomas, Chicago, manager Western Underwriters Association, will be the banquet speaker Thursday night on the topic "Our Business."

The Iowa association has more than doubled its membership since the last convention in Sioux City. Starting with 219 members, the association has increased to 442 and is expected to exceed 450 by the time of the Mason City convention. Registrations have been heavy.

#### Plan Breakfast Conferences

There will be breakfast conferences of rural agents, local boards and National councillors.

Commissioner Fischer of Iowa, K. W. Fischer, safety commissioner, and B. F. Kauffman, first president of the Iowa Association of Insurance Agents (1906-07), will attend the banquet.

The Past Presidents Club and advisory committee will meet for the second time following organization last year at Sioux City. J. R. Vaughan, Waterloo, is president, and H. P. Pratt, Sioux City, is secretary.

President Hopkins probably will be succeeded by Harry C. Brown, vice-president. J. S. Cutter, who has been secretary for a number of years, probably will be reelected. There has been discussion of changing the by-laws to establish an executive vice-president and four other vice-presidents selected from four districts in the state.

#### Entertainment Arrangements

Mason City local agents have made exceptional entertainment plans. Harry C. Brown, Mason City, state association vice-president, is in charge of general arrangements, with R. E. Finlayson as

entertainment chairman committee and Mrs. Carl Snyder as the ladies entertainment chairman. There will be golf at the Mason City Country Club Wednesday and Friday afternoons, George Harter being chairman, and prizes will be awarded. Visiting ladies will be guests at a luncheon and bridge party Thursday at the country club, and will attend the banquet. A smoker will be held Wednesday evening.

The complete program is:

#### Wednesday Afternoon, Sept. 6

Golf, Mason City Country Club.  
Registration, Hotel Hanford.  
Dinner meeting of executive committee and past presidents.  
Smoker and entertainment at 7:30 p.m.

#### Thursday Morning, Sept. 7

Rural agents' conference breakfast, Chairman Frank Stouffer presiding.  
Local board conference breakfast, Chairman Leon Morse presiding.  
Call to order by President B. C. Hopkins.

Address of welcome, Mayor Ray E. Pauley, Mason City.

Response, Harry C. Brown, vice-president, member of city council and former mayor of Mason City.

Report of administration by President Hopkins.

Report of John S. Cutter, secretary-treasurer, Shenandoah.

"What Have We Accomplished," C. Arthur Ruhl, Davenport, chairman executive committee.

Address, "Inland Marine Covers," P. J. Leen, Chicago, superintendent marine division, Fireman's Fund.

#### Afternoon

Address, "Recent Casualty Developments," T. Y. Beams, New York, vice-president Eagle Indemnity.

Address, C. F. Liscomb, Duluth, member executive committee National Association of Insurance Agents.

Address, "The Trend of the Cooperative Movement in the United States," Walter L. Falk, New York City, manager brokerage department Royal-Liverpool groups.

Address, "Competition," Dean Perry, Minneapolis, state agent Fire Association.

Address, Karl W. Fischer, Iowa state safety commissioner.

#### Evening

Annual banquet, President Hopkins presiding, W. Earl Hall, Mason City, toastmaster. Introduction of past presidents and prominent guests.

Address, "Our Business," Charles F. Thomas, Chicago, manager Western Underwriters Association.

#### Friday Morning, Sept. 8

National councillors' breakfast conference, local agents only, R. W. Forshay, Anita, presiding.

Reports of auditing, resolutions and nominating committees.

Address, "Value of the State and National Association to a Local Agency," Claude W. Borrett, Des Moines, state agent Hanover Fire.

"Our Future Legislative Course," H. P. Pratt, Sioux City, chairman legislative committee.

Unfinished business.

Election of officers.

Greetings from new officers.

Luncheon meeting, new and old executive committees.

Golf, Mason Country Club.

### Taylor New President of Des Moines Local Board

DES MOINES—Pearl Taylor, Taylor-Milligan Company, was elected president of the Des Moines Association of Insurance Agents at the annual meeting. He succeeds Max Holmes, who has brought the association's membership to the highest peak since its inception.

Other officers elected were: B. C. Hopkins, Hopkins & Mulock, first vice-president; Fred Olmsted, Olmsted, Inc.,

second vice-president; Charles Smith, Chamberlain-Kirk Company, third vice-president and Ivan H. Anton, reelected secretary-treasurer.

The new officers will take over Sept. 1, the start of the new fiscal year.

### Propose Changes in Cleveland

CLEVELAND—Following recommendations by its trustees, the Board of Independent Fire Underwriters of Cuyahoga county will act on a number of changes in its constitution at the annual meeting Sept. 21. Among the changes proposed is a change in name to the "Cuyahoga County Board of Underwriters." Membership it is proposed, shall consist of three different classes—active, associate, and sustaining. Active members would include persons representing fire, marine, casualty, or surety companies, maintaining an office, and giving the principal part of their time to insurance; associate members would include any person or corporation engaged in any way with the business whether as a special agent or otherwise and not falling within the previous classification; sustaining members would include solicitors or sub-agents for any active member.

### Council Bluffs Board Elects

COUNCIL BLUFFS, IA.—Paul Newton was elected president of the Council Bluffs Association of Insurance Agents at its annual meeting. He succeeds Leon Morse. William Knowles was elected vice-president and Harold Stipp, secretary-treasurer. Elected to the executive board were Hugh Blackwell, Leon Morse and Tom Delaney. Plans were discussed for a large group to attend the state convention Sept. 7-8 at Mason City.

### Muskegon Loss Set at \$100,000

Loss, including property damage and U. & O., is estimated at \$100,000 in the fire that occurred in the plant of Shaw-Walker, filing cabinet makers, in Muskegon, Mich. This is a Western Factory risk. The fire resulted from an explosion in a washing and drying machine.

### State Fire Protection Sought

KALAMAZOO, MICH.—A proposal that the state, through the highway department, take over administration of a fire protection system for property outside corporate areas or fire protection districts was endorsed by the Michigan Association of Fire Fighters at its convention here.

The plan was advanced by Robert Amsterberg, Grand Rapids, who was made chairman of a six-member committee which is to meet within a few weeks in Lansing to begin an intensive study of the proposal.

### Kline Elected at Hutchinson

The Hutchinson (Kan.) Insurance Board elected N. N. Kline of the Will S. Thompson agency as president, John Fontron vice-president, and reelected James Casey of the Bert Mitchner agency as secretary-treasurer. The executive committee includes John Brehm, Charles Sherman and M. W. Webster. Mr. Kline, vice-president the past year, has been acting president since the resignation of Bert Mitchner some months ago when he was appointed tax commissioner.

### Detroit Ry. Insurance Issue

DETROIT—The general manager of the department of street railways has announced his intention of recommending that the department begin setting up its own reserves for fire losses to replace insurance coverage. The department carries a total of \$7,381,032 of fire protection with a premium of \$9,606 and

pays \$3,336 premium on other coverages, he said. A few days later, however, the street railway commission announced that it had awarded \$3,250,000 of fire cover on 500 new buses to the Willette & Hughes Agency, low bidders with a rate of .225.

### Hall on the Ohio Program

J. Dillard Hall, assistant agency director United States Fidelity & Guaranty, will speak at the annual meeting of the Ohio Association of Insurance Agents in Dayton Oct. 16 and will conduct a surety conference.

### Discuss New Law in Kansas

Wichita Insurors meeting was devoted to an interpretation and discussion of the Kansas financial responsibility law, led by the assistant county attorney. The law was enacted by the last legislature. There has been much confusion as to its intent, and it being expected the courts will be called upon to rule upon many points. President H. N. Fullington, who recently returned from vacation in Minnesota, presided. The annual election is scheduled for Aug. 31.

### NEWS BRIEFS

W. C. Gormley, who has been with the Maryland Casualty as adjuster and special agent, has joined the Benjamin & Thomann agency, Waukesha, Wis.

State Fire Marshal Strohm of Iowa has named J. L. Leeper, former Decatur county sheriff, deputy fire marshal for investigation of arson cases.

The city council of Scottville, Mich., will apply for rating to fifth or sixth class instead of seventh class, as it now stands.

The Ohio Bakers Association has abandoned a plan it had formulated for insuring its members. The Ohio department pointed out that the Ohio laws provide that only licensed insurance agents may receive, procure and forward applications for insurance.

Mrs. Elfreda McCullough, local agent in Kansas City, Kan., and John C. Murray, were married there.

The annual meeting of the Insurance Exchange of St. Paul, originally set for Sept. 6 has been deferred to Sept. 13. It was felt the Sept. 6 date was too close to the annual meeting of the state association, Sept. 8-9. Delegates to the Boston convention will be named and new officers elected.

## SOUTH

### Executive Council Planned by Saint

NASHVILLE, TENN.—The present executive committee plan of state organization does not afford the most effective set-up for promotion of the state insurance program, Manager J. D. Saint of the Tennessee Association of Insurance Agents believes, and he proposed to the president and officers the formation of an "executive council" composed of presidents and secretaries of local exchanges. This council would be summoned to meet with the executive committee for a full survey of the association's insurance program.

Some benefits cited by Mr. Saint are that local units would be put on a fully coextensive basis, collection of dues of local units to the state organization would be improved; a definite answer to the moral underwriting of the by-laws would be provided, where now the

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question is often raised as to what might be expected of one town helping another in event a company is in violation. Some leaders want to know if backing local rules, when the town has gone as far as it can, will have the active separation support of members in whatever recommendation the state association might make; provide a uniform public relations program where combined influence of exchanges can be used unitedly to promote capital stock insurance, and probably the plan would improve representative attendance at conventions.

Then, too, he said, this method could provide for extension methods in membership building; it could aid in executing the convention program and insure success of the breakfast for exchange officers held in connection with state conventions. It could instruct the executive committee in membership desires as to administration; could break down local individualism, coordinating

the plan as a whole, and could serve as a clearing house of opinion between exchange units.

The responsibility of directing leadership rests just as heavily upon exchange officers as on the executive committee and these officers should feel the weight of their responsibility, Mr. Saint believes.

If formation of this new setup is approved by the executive committee, Mr. Saint will call an executive council of the 15 exchanges of the Tennessee association to meet in September before the state convention at Nashville, Oct. 19-20.

## New Texas Rates to Boost Loss Ratio

AUSTIN, TEX.—The house committee appointed to investigate fire insurance rate making in Texas has completed its work and adjourned until Sept. 18, when it will meet to go into the casualty rating functions of the state board of insurance commissioners. It will not consider workmen's compensation, as a special committee is supposed to be digging into the entire compensation setup in Texas.

The board concluded its hearings a couple of days after Commissioner Hall promulgated an order reducing many of the present rates. William Thompson, counsel for the companies said the reductions, applied before their full effect has been determined over a period of years, will result in a loss ratio of more than 50 percent, and will reduce the underwriting profit of the companies on Texas business to 5 percent.

T. H. Henderson, formerly with the insurance department, now associated with the fire prevention bureau, declared the losses reported by the companies are now more than 50 percent of the premium income as contrasted with the 34 percent average for the past five years. These figures were given in support of Commissioner Hall's statement that if fire losses continue to increase there probably would have to be an increase in rates.

### FEEL OUT UNJUSTIFIED

NEW YORK—Company officials while perforce accepting the average rate reduction of 10 percent ordered by Texas Commissioner Marvin Hall, effective as to new business on and after Sept. 1, yet feel the action is based upon too limited a term experience, holding that at least 10 years record should be considered before a rate change is applied. They likewise contend that extension of the 25 percent credit for good fire record to all municipalities eligible for credit or penalty, instead of confining it as heretofore to communities producing an annual premium income of at least \$20,000 is a mistake in that one sizable loss in a small community would wipe out the entire premium return for years.

## Alabama Opinion on Assessable Policy

The extended controversy over the question of whether the major mutual fire and casualty companies are permitted to issue non-assessable policies in Alabama came to an end when an opinion from the office of Attorney-general Lawson advised Commissioner Julian that these companies are within their rights in following this practice.

The opinion not only held that mutual fire and casualty companies may issue such policies—provided they have a surplus equal to the combined capital and surplus required of Alabama stock companies transacting the same types of business—but declared that when a mutual company has issued such a policy the policy continues to be a non-assessable contract even in the event that the carrier should later become insolvent.

The statutes of Alabama require that

an Alabama stock company have \$100,000 of capital before it can be licensed.

## Louisiana Agents' Vigorous Protest

BATON ROUGE, LA.—Local agents of Baton Rouge, Hammond, Ruston and Natchitoches asked that the state board of education see to it that insurance in these cities which it controls be divided among the resident agents. The agents conferred with State Superintendent of Education T. H. Harris and charged that virtual monopoly was created by D. W. Sleeper of Dallas, regional representative of the Insurance Audit & Inspection Co., who had been employed as advisor to the state board of education on insurance.

T. C. Grace of the Baton Rouge Insurance Exchange acted as spokesman for the agents and said that for a number of years they had not been informed that bids for insurance were being received. Mr. Grace called attention to the recent pronouncement of Governor Long that the state and its institutions and boards should buy where they can

buy the cheapest. Superintendent Harris said that he would issue orders that all agents be notified when the board of education has any insurance to award and that all be permitted to bid. As to distributing the business among agents and any further action, he referred the committee to the state board of education. The agents suggested that in each of the cities where the state board of education has property a member of the faculty or the board be appointed to confer with the local exchange and that these check all existing policies and make reports to the board. Mr. Harris said that a majority of the insurance is held by Parkerson, Mills & Hart of Lafayette, that had been awarded the business on Mr. Sleeper's suggestion. The agents claim that a large share of the business was reinsured in companies not authorized to do business in this state.

## Nashville Exchange Votes Down New By-Laws

NASHVILLE, TENN.—Six months ago the Nashville Exchange asked a six months extension on adoption of a constitution and by-laws proposed by the Tennessee Association of Insurance

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Agents. The exchange now has brought the question to vote, the result being a vote falling two votes short of the necessary two-thirds majority. The constitution would have enforced the "in or out" rule.

It is proposed to revise the constitution and again offer it. President A. C. Bennett this week will appoint a committee to consider changes.

#### Hunt Offered Proposal

The principal proposal for this committee to consider was offered by C. M. Hunt, calling for reduction of the number of plants allowed a parent company from three to two, but not to affect the present set-up. Discontinued plants could not be replaced. The rule would provide for elimination of all parent company subsidiaries except those with capital stock of \$15,000,000 or higher, which would not affect the present set-up but simply forbid replacement of discontinued subsidiaries. A bitter fight on any such proposal as that of Mr. Hunt is predicted.

John D. Saint, manager Tennessee association, said it appeared the "in or out" rule was unacceptable to minority interests and it was probable police power of the rule would be eliminated or modified.

#### Expect Insurance Shift in \$75,000,000 Tennessee Deal

NASHVILLE, TENN. — Insurable property valued at more than \$75,000,000 was included in transfer of Tennessee Electric Power Co. holdings in Tennessee from Commonwealth & Southern Corporation to individual municipal power boards. It appears much of the insurance coverage involved will change hands as a result of the sale.

Properties of Tennessee Electric Power Company in Nashville and Davidson county are valued at approximately \$14,300,000. New insurance coverage on these was handled by M. A. Hayes, vice-president Nashville Power Board. Claiming insurance agencies that were left out were complaining, the Nashville "Times" demanded Mr. Hayes make public companies and amounts involved in the allocation. He refused to give amounts, but gave the names of 18 Nashville agencies, all but three members of the Nashville Exchange. No serious complaint against the way the insurance was divided has been made.

#### Insurance Split Among Agents

Approximately \$650,000 insurance on properties acquired by the city of Columbia was divided among local agents by a committee from the recently organized Maury County Exchange. Other insurable properties included in the transfer are: Chattanooga \$10,850,000; Athens \$358,963; Cleveland \$673,185; Clinton \$309,688; Columbia \$654,019; Dickson \$93,274; Harriman \$250,757; LaFollette \$448,356; Lawrenceburg \$31,755; Lenoir City \$244,178; Lexington \$130,704; Loudon \$94,668; Maryville \$388,230; McMinnville \$401,768; Mount Pleasant \$238,911; Murfreesboro \$545,712; Pulaski \$99,945; Rockwood \$120,450; Shelbyville \$309,588; Sweetwater \$82,324; Winchester \$149,120. Approximately \$3,000,000 worth of electric properties in rural areas, owned

by 10 membership corporations, also was included in the transfer.

#### Mississippi School Successful

JACKSON, MISS. — With agents from Mississippi, Tennessee and Arkansas in attendance, the University of Mississippi and the Mississippi Association of Insurance Agents jointly offered their first fire, casualty and surety school. The school proved so successful that it will be repeated in 1940.

Dr. Roscoe Arrant, associate professor of economics, was in charge. Speakers and instructors included Warner Wells, Greenwood; H. W. Melville, marine department manager American of Newark; Felix Hargett, manager Washington service office Home of New York; O. R. Smith, Meridian; O. S. Johnson, Clarksdale; W. W. Sampson, manager Mississippi Rating Bureau; Durell Black, Maryland Casualty New Orleans; Alf Stone, chairman state tax commission; D. T. Hubbard, assistant manager Hartford Fire, Atlanta, and H. W. Kilpatrick, Memphis, superintendent of the Home's cotton department.

#### New Headquarters for Fire School

Headquarters have been completed for the department of firemanship training on the campus of Oklahoma Agricultural & Mechanical College at Stillwater. The college offers the only two-year residence course in fire-fighting.

The first floor houses a modern fire station of the Stillwater fire department and a large, amply-equipped laboratory. The second floor accommodates 40 students. The third floor consists of three large class rooms, a chemical laboratory, and a dark room for film developing. The drill tower, rising 115 feet high, contains a sprinkler system, fire escape, standpipes and risers.

#### Turkey Feather Gowns Insured

Two evening gowns and an evening cape, made of turkey feathers, on display at the Virginia Chamber of Commerce in Richmond in connection with the Rockingham Turkey Festival to be held in Harrisonburg Sept. 4-5, have been insured through the Richmond agency of Curtis & Boswell against fire, theft and burglary for \$45,000. The state chamber would not permit the garments to be displayed in its windows until it was relieved of all liability.

#### Beatty to Tulsa for Oil Pool

H. M. Carmichael, general manager of the Oil Insurance Association, announces the appointment of Stanley A. Beatty as a special representative to be located in the Tulsa office.

Mr. Beatty received his degree in fire protection engineering from Armour Institute of Technology, and did general inspection work with the Michigan Inspection Bureau for seven years, after which he was engaged in the local agency business. More recently he was in the engineering department of the General Electric Company.

#### Howell Heads Southern Mutual

George C. Howell, formerly in the hardware business in Richmond, Va., has been elected president of the Southern Mutual of that city, succeeding Craig Miller, who remains with the company as secretary. Earle J. Angell is vice president. He also operates an agency representing the Seaboard Surety.

#### N. C. Mutual Agents to Meet

The annual meeting of the North Carolina Association of Mutual Insurance Agents will be held at High Point, Nov. 17-18. Insurance Commissioner Boney will be one of the main speakers.

#### Virginia Invites Suggestions

NEW YORK—Companies operating in Virginia have been requested to submit to the legislative committee of that state charged with the revisions of its insurance code such suggestions in connection as may seem to them desirable. The committee apparently plans to start

work free from preconceived bias, and rather looking to the company officers to point out shortcomings in the present statutes, and to suggest amendments thereto.

#### Bar Georgia Tax Deductions

Insurance companies, subject to fire marshal taxes in Georgia, cannot make deductions for returned premiums on cancelled policies, rate changes or reinsurance, Attorney-general Arnall holds. The tax is .1 of 1 percent on gross premiums.

The Tulsa, Okla. city council has passed an ordinance that will give fire protection to areas outside the city's incorporated limits for a fee of \$150 per run.

The San Antonio Insurance Exchange heard a review of congressional action on measures which affect fire and casualty insurance by Secretary F. F. Ludolph, who also discussed Texas rate changes.

## COAST

### Utah Local Agents in Annual Muster

SALT LAKE CITY — The annual convention of the Utah Fire & Casualty Insurers Association is being held this week in this city. Deputy Insurance Commissioner C. N. Ottosen gave the address of welcome. N. L. Herrick of Salt Lake City, the president, gave the report of the administration. W. M. Anderson of Salt Lake City, the secretary, read his report. Wayne C. Meek of Seattle, member of the executive committee of the National Association of Insurance Agents, represented that body and had as his subject, "Our Patriotic Duty." Fred A. Moreton gave the report of the Utah committee and C. C. Eubank of Ogden, national councillor, the report of his office. Manager Joy Lichtenstein of the Hartford Fire and Hartford Accident & Indemnity at San Francisco, spoke on "Some Trends in Our Business." Herbert Cobb Stebbins of Cobb & Stebbins, general agents, secretary American Association of Insurance General Agents, gave a talk. J. H. Roberts, district secretary of the Pacific Board at Salt Lake City, was introduced and spoke.

The ladies who were present were entertained by the wives of Salt Lake City agents.

### Wyoming Local Men Holding Convention

ROCK SPRINGS, WYO. — The annual meeting of the Wyoming Association of Insurance Agents will be held Friday and Saturday of this week in this city. Headquarters will be at the Park Hotel and the meetings will be held at the Elks Home. Cecil Bon of Casper, the president, will be in charge. Mayor Muir will give the address of welcome and the response will be by I. W. Dinsmore of Rawlins. S. P. McAllister of Denver of the Daly general agency, president of the Mountain Field Club, will bring greetings from that institution. R. M. Hill of Denver, manager Fire Companies Adjustment Bureau, will speak on "Adjustment Service." W. J. Kulp of Denver, manager of the Mountain States Inspection Bureau, will speak on "Attitudes." F. R. Lanagan, head of Daly General Agency of Denver, president American Association of Insurance General Agents, will give a talk. C. V. Davis of Sheridan, Wyo., national councillor, will report for his office. J. M. Helms of the Fireman's Fund at San Francisco will speak on "Planned Insurance and the Creditor." R. W. Forshay of Anita, Ia., member of the executive committee of the Na-

tional Association of Insurance Agents, will represent that body and will speak. There will be a banquet the evening of the first day with H. A. Lewis of Kemmerer as toastmaster.

On the second day, there will be a closed session for members followed by an open session, the program prepared by the agents advisory committee of the Mountain Field Club with Preston Heath, Scottish Union & National, presiding. In the afternoon, President Cecil Bon will give an address. G. E. Stroub of the Home will speak on "Some Observations on the Business of Insurance." A. W. Travelute of this city is in charge of the program.

### Colorado Residence Rates Are Reduced

DENVER—The managing committee of the Mountain States Inspection Bureau has announced a reduction in fire rates on residential property in Colorado, to provide for a reduced annual income of \$100,000. The reduction applies to all residences where there is recognized fire protection—which means National Board classes 1 to 8 inclusive. A similar reduction was made two years ago. While the agreement is based on a \$100,000 premium income reduction, past experience indicates that probably it will actually reach \$150,000. The reduction will become effective not later than Nov. 1.

The visit of A. T. Bailey, North British, San Francisco, chairman of the managing committee, and Vice-chairman W. N. Achenbach, Aetna Fire, Chicago, to Denver and the subsequent rate reduction was the result of a request for such reduction from Commissioner Kavanaugh. The commissioner originally requested a higher reduction, but on being advised of the additional coverages the companies have made available for attachment to the fire contract, he agreed to the \$100,000 basis.

The dwelling house class produces about one-third of the fire premiums and population in protected cities is estimated at between 85 and 90 percent of total population, so the reduction affects nearly every one in the state.

Commissioner Kavanaugh based his request for a rate reduction on the fact that the average loss ratio for the last five years has been only 29 percent.

#### Patterson Speaks in Denver

DENVER—A large number of insurance men as well as the members of the Denver Bar Association attended a two-day institute on "current problems of insurance law," held at the home office of the Capitol Life. Principal lec-

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turer was Prof. Edwin W. Patterson of Columbia University, who was in charge of the recent revision of the New York law. Among the subjects he discussed were: "What is insurance?" and "Doing an insurance business."

## Program of Oregon Local Agents' Rally

The convention program for the annual meeting of the Oregon Insurance Agents Association at Bend, Sept. 7-8 is announced. The convention hotel is the Pilot Butte Inn and the business sessions will be held in the Masonic Temple building. Ward H. Coble of Bend is president. The program is as follows:

### Thursday, Sept. 7

Call to order, Ward H. Coble.  
Address of welcome, C. G. Reiter, city manager, Bend.

Greetings from the field men, D. E. Beard, president Special Agents Association.

Annual report of president, Ward H. Coble.

"Organization and the Need of Solidarity," W. H. Menn, Los Angeles, president National Association of Insurance Agents.

"Looking Into the Mirror of Tomorrow," T. B. Thompson, special agent North British & Mercantile.

"Practical Application of Business Development Office," H. P. North, assistant director Business Development Office, San Francisco.

1:30 p. m.—Annual golf tournament, Bend Golf Club.

### Morning Session, Sept. 8

J. T. Goodman, chairman executive committee, presiding.

"Speaking of Surveys, Why Not Survey Yourself?" C. M. Marshall, San Francisco, assistant manager Aetna Fire.

"The New Discovery Bond," C. S. Filler, Portland, special agent, American Surety.

"Rating Problems," C. F. Wagner, Portland, manager Oregon Insurance Rating Bureau.

"Why You Should Sell the Comprehensive Liability Policy," Julius E. Finke, Jr., Portland, manager Swett & Crawford.

"The Perfect Triangle," W. G. Rich, San Francisco, assistant manager Royal-Liverpool group and president Oregon Conference Committee.

### Afternoon Session—Closed Meeting

Announcements.  
Communications.

Committee reports: (a) Educational foundation; (b) automobile insurance—finance company; (c) safety program; (d) fire prevention activities; (e) resolutions.

Election of officers.  
Treasurer's report.

Discussions: (a) Distribution of commission earnings; (b) non-admitted insurance situation; (c) legislation; (d) membership; (e) state business.

Reports from local boards.

7 p. m.—Annual banquet, Frank R. Prince, Bend, Ore., toastmaster.

Introduction of distinguished guests.

Awarding of golf prizes.

Installation of officers.

Address, "Insurance and the Insurance Department," Hugh H. Earle, insurance commissioner of Oregon.

## California Agents' Rallies Open at Los Angeles

At a luncheon meeting in Los Angeles which started the fall series of the California Association of Insurance Agents, Harold Callis, vice-president, and Frank Colridge, executive secretary, were the principal speakers, discussing new legislation, the program of adherence to the declaration of guiding principles, and the law enforcement program of the California department.

A review of plans for the annual convention at Oakland Nov. 13-15, was given. The second meeting was held at Long Beach, attended by members of the Long Beach association and Associated Agents Committee which is composed of members from suburban Los Angeles territory, and the third meeting was a luncheon at Santa Ana with a

## Idaho Speaker



R. L. COUNTRYMAN

One of the leading speakers at the annual meeting of the Idaho Association of Insurance Agents at Sun Valley Lodge, Sun Valley, Idaho, Friday and Saturday of next week, is R. L. Countryman of San Francisco, Pacific Coast manager of the Norwich Union Fire, who is president of the Pacific Board.

night meeting at Fontana for agents of San Bernardino and Riverside counties.

Aug. 28, with Elmer White, president, and Mr. Colridge as principal speakers, the series will continue with a meeting at Bakersfield; Tuesday noon, Aug. 29, Merced; Wednesday noon, San Jose, with the concluding meeting at Salinas, Thursday night, Aug. 30.

Similar meetings in the northern section of the state will be held commencing Sept. 11, with D. B. Goldsmith, San Diego, national counselor, and Mr. Colridge as principal speakers. There will be five of these meetings.

## Neslen to Take Action on Unlicensed Brokers

Companies and their agents operating in Utah have been asked by Commissioner Neslen to cooperate in solving problems presented by the fact that many agents of the state are illegally acting as brokers. The commissioner warns that any and all cases of brokering without a broker's license that are brought to the department's attention will be prosecuted and any persons who are brokering or intend to do so must immediately procure license by application to the department. Companies and their general agents were requested to display a copy of the bulletin and send notice to all agents operating in Utah.

If an individual represents a company, Mr. Neslen explained, an agent's license is necessary, but if he acts for or on behalf of the assured for compensation in aiding him to get or negotiate insurance of any kind in any company for which he is not licensed as agent, he must have a broker's license.

## Caminetti to Check Agents' Qualifications, Practices

SAN FRANCISCO—Five junior investigators have been appointed by Commissioner Caminetti to check on qualifications of agents and brokers and also on the practices of agents, agency connections and the activities of brokers, and are to be given a preliminary course of instruction by the commissioner and his chief assistant, E. P. Fay. Before being given practical assignments in the field, these investigators and the 15 others that Commissioner Caminetti will shortly appoint are also to have a complete course

of study under the direction of R. L. Patterson, acting chief of the bureau of licenses. Mr. Patterson is a former local agent and state assemblyman who has more recently been active in agents' educational work through the extension division of the University of California. Mr. Patterson also plans to accompany the investigators into the field on their first assignments.

Those so far appointed are: W. F. Lange, insurance broker, San Francisco; Pierre Tomlinson, Berkeley; Erich Berndt, Fresno, formerly with fire and casualty companies in loss investigation work; Harold Rose, San Jose, formerly educational supervisor West Coast Life; A. F. Davis, Sacramento, formerly with the Physicians Life.

It is the plan of Commissioner Caminetti to have eight of the 20 investigators operate out of the San Francisco office and 12 from the Los Angeles office.

## Macbeth Is General Chairman

S. G. Macbeth of Oakland is to serve as general chairman of the annual convention of the California Association of Insurance Agents, to be held in that city, November 13-15. Committee chairmen are: Ladies, Mrs. Nylene Christensen, Berkeley; registration, E. H. Bennett, Oakland; hotels, P. E. Snook, Oakland; entertainment, H. R. Schroeter, Oakland; reception, H. D. Clark, Alameda; transportation, R. D. Laughrey, Oakland; finance, Floyd Lane, Oakland.

Donald H. Yates of Norris Beggs & Simpson, Seattle, has been appointed by Mayor Langlie on a three-man commission to direct rehabilitation of the municipal railway.

## Los Angeles Exchange Meets

LOS ANGELES—Insurance Exchange members at a special meeting received a report from President Harold McGee on the call the officers of the Exchange made on Commissioner Caminetti during the latter's recent visit here. Judge Caminetti believes the department's local office must be vigorous and a live one, giving prompt service. The department will not issue a relicense where reasonable evidence of violation of the insurance code is made in a complaint, until convinced no violation has occurred. The commissioner will accept no luncheon or dinner engagements at present, because he does not believe such affairs are of material assistance to the department. E. P. Fay will be in charge of southern California territory, with headquarters here.

## EAST

## Conn. Historical Sketch Valuable

The historical sketch of the Connecticut Association of Insurance Agents that has just been published in the form of a pamphlet, "Forty Years of Achievement and Progress," is receiving much favorable comment. The committee engaged in considerable research and has composed a valuable sketch. The association was organized in 1899 at the Colonial Inn in Woodmont and was styled the Connecticut Association of Local Fire Insurance Agents. That meeting followed several conferences held by committees at New Haven and Hartford.

Within a few years, the pamphlet observed, the association came to be a major factor in Connecticut and New England circles. The efforts in the earlier years were directed against overhead writing and toward the abolition of multiple agencies. The association gained recognition and respect to an enlarged degree in 1904, when it blocked a bill in the legislature that would have prevented any bank director or official from selling fire insurance. In 1903, the Con-



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(CONT'D FROM PRECEDING PAGE)  
necticut organization was host to the National Association of Insurance Agents at the annual meeting in Hartford. John C. North of New Haven, charter president of the Connecticut association, was elected national president. Local Board Regulations

For several years the association was especially active in unifying local board regulations. By 1909 there were 156 active members and 85 honorary members.

In 1908, E. W. Beardsley, who had been president of the Connecticut association, was elected national president.

The association was successful in causing to be enacted an agent's qualification law and this has proved most valuable.

In 1913, during the administration of Dale D. Butler of Middletown, who for years has been one of the leaders in the organization, the name of the association was changed to that which it bears today.

The top figure as to membership was reached in 1920, with 389 on the roll. In 1921, the National Association of Insurance Agents selected for the third time a former president of the Connecticut association. He was the late James L. Case of Norwich.

The booklet goes into considerable detail regarding incidents in the work done by the association in helping to preserve the principle of ownership of expirations.

In 1922, Donald G. North of New Haven was elected president. He was the son of John C. North, who was the first president of the association.

The association has been successful in warding off compulsory automobile insurance in the state.

In recent years some earnest work has been done in accident prevention, particularly insofar as highway safety is concerned. The association for years has been a leader in fire prevention activity.

### Maryland Agents' Meeting

The annual meeting of the Maryland Association of Insurance Agents has been set for Oct. 19-21, at Carvel Hall, Annapolis. The registration will start the afternoon of Oct. 19. E. Churchill Murray of Annapolis has been named chairman of the convention committee.

A meeting of the executive committee was held in Baltimore last week. J. E. Cochran of Hagerstown is president.

## Rating Methods Conference Topic

NEW YORK—Rating methods employed by fire companies operating in this state formed the major subject of discussion at the conference between members of the legislative code revision committee and representatives of fire and casualty rating organizations at Lake George several days. Without sacrificing certain special practices now employed by the non-stock companies, the legislative committee was of the opinion that a better method of uniformity than that now existing might be arranged by the two classes of carriers. Chairman Piper asked that briefs and suggestions to that end be submitted in time for consideration by the committee prior to the calling of another joint conference. The wisdom of requiring non-stock companies to have their dailies passed upon by stamping offices was likewise talked of, although no decision was reached. The matter of sanctioning deviations from published rates was also reviewed. It developed that the advance premium cooperatives allow flat 20 or 25 percent reductions for the classes of business they write, that were considered, except farm properties.

## Name Speaker for Pa. Convention

Additional features for the program of the annual convention of the Pennsylvania Association of Insurance Agents at Galen Hall, Wernersville, are announced this week. M. H. Taggart, Pennsylvania commissioner, will be the only speaker at the banquet Thursday, Sept. 14.

A. S. Arnold of Philadelphia, general counsel Pennsylvania Association of Insurance Agents, will give an address on some of the legal aspects of reciprocal exchanges with special reference to the recent Pennsylvania supreme court ruling.

ing authorizing an assessment in connection with the defunct Keystone Indemnity Exchange.

L. R. Finn, automobile loan department Marine National Bank of Erie, will give a talk. Mr. Finn's bank engages in the financing of the purchase of automobiles in cooperation with the local insurance agents. Mr. Finn has had considerable experience in the automobile finance business both with finance companies and local banks.

Harry M. Albert of Stroudsburg, as president, will give the customary address and report of administration.

Galen Hall was sold out last year for the convention and it appears likely that the same thing will happen again this year.

## Awards by Boston Library Association Announced

BOSTON—The committee on education of the Insurance Library Association of Boston has awarded first prize, \$50, offered by the Boston for highest average mark for three years in the fire course, to Kenelm Winslow, Fireman's Fund; second prize, \$10 each, E. C. Haselton, Fireman's Fund; W. B. May, United Mutual Fire, and E. J. O'Brien, Employers Fire; third, \$5 each, R. J. Green, Associated Factory Mutuals; W. L. Hitchcock, Norfolk & Dedham Mutual; J. B. Chandler, Gilmour, Rothery & Co., and J. A. Roe, Boit, Dalton & Church.

Offered by Employers Liability: first, \$25, Stanley Clark, Pawtucket Mutual Fire; second, \$15, Elsie Doleman, Mutual General Agency; third, \$10, E. P. Worthen, Employers Liability.

By Massachusetts Bonding: first, \$25, R. S. Brown, Employers Liability; second, \$15, A. C. Houghton, Employers Liability; third, \$10, R. R. Stanwood, O'Brien, Russell & Co.

The Hartford Board of Fire Underwriters will resume its meetings Sept. 12 with a noon session at the City Club.

## MARINE

### Trip Transit Good Cover to Push Now

The coming of fall always brings "moving day" for many individuals, and also increased shipments of goods and merchandise, from one city to another. Thus, it would be well for agents to give some of their time to their prospect files with a view to selling trip transit coverage.

Appreciation of the value of trip transit insurance depends to quite a degree upon knowledge of the liability which carriers assume for safe transit of goods committed to their care.

For example, merchandise is very often held in custody not as a common carrier but as bailee, and a bailee is held liable only for such loss as may arise from negligence. If a shipment were to be placed in a railroad warehouse at destination and held beyond 48 hours at the railroad and then should be destroyed by fire the railroad company is not liable for that loss unless it arises from negligence of the company.

Thus the trip transit policy extends its protection beyond the carrier's liability. Furthermore, it affords prompt settlement of losses. Rates vary with different companies and sometimes for different risks of the same class.

The advantages of such coverage are many and include:

1. Loss sustained during transportation. Fire or burglary insurance covers only property while on the premises.
2. Coverage for "acts of God," something which common carriers are not liable for.
3. Protection against a trucker's non-payment of premium, non-report of change of trucks, violation of one or

more warranties, expiration, and limited "legal" liability.

3. Freedom from worry over the safety of property exposed to the many perils of transportation during the time it is beyond the control and care of the owner.

4. Savings in excess freight charges by reason of the privilege granted to ship under release bills of lading with correspondingly reduced freight rates.

For example: Shipment of household goods by freight, the value of which is \$5,000 and the weight 12,000 pounds, from Cincinnati to Boston would be approximately 30 to 40 percent cheaper if covered by trip transit.

Particular attention should be paid by the agent to the exclusions in this policy before interviewing prospects. Also, special types of coverages available by endorsement only should be studied. 100 percent coinsurance applies in all instances.

Clients who plan to move form good prospects. Occasional shipments by firms which do not carry an annual transportation policy can also be sold the trip transit coverage.

A fact worth noticing is that although the trip transit policy usually covers the shipper's interest only, it may be endorsed to cover also the liability of its carrier at 50 percent additional premium. If a trucker's policy, it may be endorsed to cover a shipper's interest for the same amount of premium increase.

### \$40 Minimum Premium Has Good Sales Possibilities

Minor changes in Illinois in the personal property floater form by the Inland Marine Underwriters Association have focused attention on the fact that the \$40 minimum premium provision is used but infrequently to garner new business.

The \$40 minimum rule can be an effective sales mechanism, especially in reaching those individuals who otherwise would not purchase a personal property floater because their possessions are not valuable enough to qualify for the \$50 minimum. It will be remembered that if jewelry, watches and furs do not have a total value of more than approximately \$250, they can be put in the unscheduled personal property and should the amount of coverage desired not exceed more than \$2,000 or \$3,000, the \$40 minimum would apply. There are a great many who come under this classification.

### Gedney Is Named by American

NEWARK—American of Newark appointed Richard H. Gedney to assist in promotion of inland marine business, with headquarters in the home office here. For four years he was a partner in a Knoxville, Tenn., agency, establishing a good record in inland marine business. He has been manager for the last year and a half of Newhouse & Sayre's Philadelphia office.

## MOTOR

### Expect Soon to Eliminate Nebraska Finance Issues

LINCOLN, NEB.—Through conferences with officers of the state association of finance companies, John S. Logan, department attorney, has made progress towards establishing cooperative relations and secured assurance that a uniform system of handling insurance policies issued in connection with making personal loans and handling automobile paper will be worked out. This will include supplying a borrower with a certificate where a master policy is in force, giving him full information as to insurance carried as security for the loan, and where individual policies are issued these will be handed over to the borrower.

Through the use of a questionnaire which sought information as to how this

type of insurance was handled and the names of the agents through whom it is written, which brought replies from nearly all of the more than 100 finance companies in the state, the department is able, when complaints come in, to take the matter up directly with the agents.

### Verbiest Company Changes Name

The newly organized and licensed Northwestern Auto of Detroit has changed its name to Mid-America Insurance Company. The company was organized and is headed by C. M. Verbiest, a former D. F. Broderick associate. It is understood to have assurance of the business of a large automobile financing company.

### Garrett Takes Inter-State Business

KANSAS CITY—The T. W. Garrett, Jr., General Agency has taken over, for fire, theft and collision, the Missouri, Kansas, Oklahoma and Texas business of Inter-State Securities, one of the large finance companies of the country. Mr. Garrett had the business until a year ago, when commission costs rose beyond the point where the account was profitable.

## CANADIAN

### Hail Result in West Better

REGINA, SASK. — It is reported that premium income on hail insurance on western Canada grain crops in 1939 is in excess of that in 1938 and that hail losses so far this year have been moderate, apart from the severe losses occasioned by wide storms July 4.

Directors of the Saskatchewan Municipal Hail Association have cut the crop rate on hail insurance for the current season 1 cent in all areas.

### Shaw & Begg Appointments

TORONTO — Two new staff appointments are announced in the Shaw & Begg organization. H. L. Kearns, casualty manager, has been appointed assistant secretary of the Federal Fire of Canada. George A. Gordon, superintendent of agencies, has been appointed assistant secretary of Wellington Fire.

### Victoria Veteran Dies

Arthur Lee, 74, Victoria, B. C., agent of Liverpool & London & Globe, who recently celebrated his 50th anniversary as an insurance agent in Victoria, died there. His firm was known as Lee & Fraser Company.

### Commissioner C. C. Neslen Is On a Long Trip

C. C. Neslen of Salt Lake City, insurance commissioner of Utah, who is president of the National Association of Insurance Commissioners, was in Detroit last week attending the convention of the National Fraternal Congress. He went from there to Montreal to speak before the Association of Canadian Provincial Superintendents. He will return through the New England states and New York, conferring with Commissioner Blackall of Connecticut, Superintendent Pink of New York, Commissioner Harrington of Massachusetts, Deputy Gough of New Jersey and others.

### To Hold Southern Parley

From there he will go to Memphis, arriving the latter part of the month where a conference will be held with Commissioner Read of Oklahoma, secretary of the National Association of Insurance Commissioners, Commissioner Williams of Mississippi, chairman of its executive committee, and other members of the committee in that section, Commissioners Harrison of Arkansas and McCormack of Tennessee. While in the south, the standing committees will be appointed.

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# IF YOU NEED



RECENTLY we wrote a number of prominent agents asking them what they expect of their best fieldmen. The replies were remarkably various. Some agents need rating help, others don't. Some want a fieldman to go out and help them sell, while others think that idea not so good. Many agents want sales ideas and sales promotion plans, while others figure it's their job to know their town and their prospects better than any fieldman could.

There isn't any "typical" agency. There can't be any one answer to all agents'



Your business will profit by the help of *your* NF Group Counselor. Whatever the problem, he's probably met it somewhere before. Call him in today.



problems. But if a fieldman is good enough, and if his executives stay wide-awake to new wrinkles, company men can help a lot with the problems of good local agents because the chances are they *have* met a problem something like that somewhere before.

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